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Mazowiecki Offers 4 Cabinet Posts to Communist Party

By John Tagliabue
New York Times Service

WARSAW — Poland's recently elected prime minister, Tadeusz Mazowiecki, presented the parliament on Thursday with a cabinet list that gave six key ministries to Solidarity and four to the Communist Party.

The appointments, if approved by the Sejm, or lower house, which will vote on Tuesday, would form Poland's first cabinet not dominated by Communists since the 1940s. It will represent a major triumph for Mr. Mazowiecki and his goal of broadening a free-market economy and political liberties.

The cabinet list was not officially released, but Solidarity and other officials said that the Communists would receive the critical ministries of Defense and Internal Affairs, plus the ministries of Transport and Foreign Trade.

The division in Warsaw assured for Solidarity virtually all the key economic ministries, including the crucial Finance Ministry, which will go to Leszek Balcerowicz, a 42-year-old liberal economist from Warsaw University.

The Labor Ministry will go to Jacek Kuron, a leading Solidarity adviser and longtime nemesis of the Communist leadership, and the Industry Ministry will fall to Tadeusz Syryjczyk, a computer specialist and leader of a small but aggressive organization of private entrepreneurs.

Mr. Mazowiecki dropped a demand that the Foreign Ministry go to Solidarity, awarding it instead to an independent academic, Krzysztof Skubiszewski, who is strongly pro-Solidarity. He is a prominent Roman Catholic layman and a professor of international law at the University of Poznan.

■ 4 for Peasants' Party

Of the other coalition members, the small United Peasants' Party was awarded four cabinet posts, and the Democratic Party was given three, Reuters reported from Warsaw.

Solidarity sources at the closed meeting quoted Mr. Mazowiecki as saying that Poland faced "a difficult period both economically and externally."

"There are two crucial issues now," Mr. Mazowiecki is reported as saying, "and they are political change in the country and leading it out of economic catastrophe."

The biggest surprise in the new government was the choice of Mr. Skubiszewski as the foreign minister.

Parliamentary sources said he was a compromise choice to resolve a dispute over the ministry between Solidarity, the Communists and the Peasants' party.

The Communist Party's four

See POLAND, Page 6

Maciej Macierzynski/Reuters

Mr. Mazowiecki, right, and Solidarity's parliamentary floor leader, Bronislaw Geremek, with journalists on Thursday.

23 Nonwhites, Slain by Police, Tutu Asserts

By William Claiborne
Washington Post Service

JOHANNESBURG — Hours after acting President Frederik W. de Klerk asserted electoral victory for his governing National Party on Thursday, Archbishop Desmond M. Tutu spoke of a police "massacre" and said that Mr. de Klerk's presidential seat was "in a pool of blood."

The archbishop called for the government to resign because of what he said was the killing of at least 23 nonwhites by riot policemen in the Cape Town area overnight.

The Ministry of Law and Order denied Archbishop Tutu's allegations of a police massacre. It said 12 blacks and mixed-race "coloreds" had died in factional clashes and suggested that the deaths had occurred at the hands of "gangsters."

In a news conference in Cape Town, Archbishop Tutu said that those killed had included a six-year-old girl and a 69-year-old woman. He said that the deaths occurred in five segregated townships and that he expected the toll to rise because of the serious wounds suffered by some victims.

If the accounts of township deaths reported by Archbishop Tutu and other Cape Town anti-apartheid leaders are substantiated, it would be the largest number of killings by the police in any single racial clash with security forces since 69 blacks were killed in Sharpeville on March 21, 1960. It would surpass in its death toll all those occurring in single incidents of police clashes with blacks during the civil turmoil that swept South Africa from 1984 to 1986.

If the killings were a result of factional fighting, as reported by the police, they would be comparable in numbers to the worst clashes over the past two years between rival political black groups in the Pietermaritzburg area of Natal Province.

News agency reports said Thursday night that clashes between mixed-race youths and the police had resumed in the afternoon in the mixed-race township of Lavender Hill, where four persons were reportedly killed Wednesday night.

Archbishop Tutu said that feelings were running high in the Cape Town townships, and predicted, "I am quite certain we are going to have a horrible time at the funerals."

In the past, funerals for victims of police actions have turned into political demonstrations and have often prompted further police response.

A Cape Town civil rights lawyer, Essa Moosa, said that 25 people had been killed overnight in seven nonwhite townships in the Cape Peninsula.

The independent South African Press Association reported that Wednesday night's street battles resembled a "war zone" as residents danced around dozens of burning street barricades and the police fired repeatedly at groups of youths.

A local anti-apartheid newspaper, Grassroots, said that it had confirmed that the bodies of 15 of the victims were in a local mortuary.

Police Brigadier Leon Mellet, of the Ministry of Law and Order, spoke only of the death of 12 persons and said that it had not yet been ascertained whether any were killed by the police.

In a telephone interview, Brigadier Mellet said seven blacks were killed in the Khayaletsha township northeast of Cape Town during a fight between two black political factions, one calling itself the "Town Committee" and the other

See VOTE, Page 6

Italian Bank Chief Quits Amid Scandal Over Credits to Iraq

By Alan Riding
New York Times Service

ROME — The chairman of Italy's largest bank, Banca Nazionale del Lavoro, resigned on Thursday, just hours after it was disclosed that unauthorized export credits granted to Iraq by the bank's branch in Atlanta amounted to more than $2.6 billion.

The chairman, Nerio Nesi, who had held the job for the past 10 years, announced his resignation at an emergency board meeting called to hear the results of a preliminary investigation into the scandal. The bank's general manager, Giacomo Pedde, also stepped down.

The government, which has a controlling interest in the bank, is reportedly considering appointing a senior official of the Bank of Italy, the country's central bank, to be the new chairman in an effort to rebuild confidence in the troubled institution's management.

Shortly before the board meeting, the Banca Nazionale del Lavoro also sought to stem speculation about the dimension of the scandal by providing the first detailed breakdown of the unauthorized export credits made to Iraq over the past two years by its Atlanta representative, Christopher Drogoul.

Until now, while some Italian newspapers had suggested the bank's unexpected exposure in Iraq could be as high as $3 billion, independent financial analysts had estimated it as nearer $1.5 billion, considerably lower than the amount announced Thursday.

The bank, which is known by its initials, BNL, said $1.02 billion-worth of the credits covering imports by Iraqi government agencies was guaranteed by Iraq's central bank, while a further $700 million covering grain exports by American farmers was guaranteed by the Commodity Credit Corp., a U.S. government agency that helps finance American farm exports.

The bank said an additional $920 million in export credits to Iraqi agencies had been pledged by its Atlanta office but had not yet been disbursed. It added that it was studying whether these commitments were legally binding and whether they were conditional upon "the normal continuation of credit activities."

BNL also sought to allay fears about the validity of the Commodity Credit Corp.'s guarantee, noting that, while the exports credits were not authorized by either the bank's North American headquarters in New York or its main office in Rome, the contracts were in order.

Meanwhile, moving to limit the damage caused by the scandal to the country's banking sector, central bank sources strongly denied earlier reports that BNL could suffer a liquidity crisis if creditor banks in the United States refused to renew short-term loans made to its Atlanta branch.

The sources said that, even in a worst-case scenario in which Iraq defaulted on its debts, BNL had ample resources and reserves to meet its own obligations. They added that Iraq has traditionally repaid its trade credits on time.

Also on Thursday, a group of investigators from BNL and the Bank of Italy, the country's central bank, returned to Rome from Atlanta. They had been working there with representatives of the U.S. Federal Reserve Board in trying to understand how the unauthorized transactions could take place without being noticed.

According to Italian press reports, Mr. Drogoul, a 36-year-old American, built up a huge clandestine loan portfolio by working principally through a personal computer, often from his home. He reportedly financed the export credits by borrowing from scores of American banks.

Thursday night, BNL said it would ask Italian judicial authorities to bring criminal charges against Mr. Drogoul, who has been dismissed from his job.

'Watershed' Vote In White Politics

By Christopher S. Wren
New York Times Service

JOHANNESBURG — Frederik W. de Klerk, the acting president of South Africa, said Thursday that the parliamentary elections had given his National Party a "clear and resounding" mandate to push ahead with its plan for evolution away from the constitutional system of racial segregation.

Some political scientists, meanwhile, said that they considered the elections a watershed in the country's white politics because they had shifted South Africa past the point of no return in its move away from apartheid.

Although the National Party received its worst battering in 41 years from political opponents on the right and left, Mr. de Klerk insisted Thursday that this would not impede his party's promise to show "real progress" over the next five years toward a democratic society free from domination by either the country's white minority or its black majority.

The so-called Plan of Action, announced at a party convention in June, became a key part of the Nationalist campaign platform, although many liberals found it too vague and many conservatives too threatening of white interests.

For the first time in several decades, the National Party, which has held power in South Africa since 1948, failed to attract a national majority of white voters. The Nationalists got about 47 percent of the votes, the Conservatives 28 percent and the Democrats 25 percent, according to one estimate.

Final results showed that the National Party held onto 93 seats but lost 29 seats from its majority before the election. The Conservative Party swelled to 39 seats, or 17 more than its old number. The Democrats grew to 33 seats from 21. Both parties made their gains at the expense of the Nationalists.

One race in Fauresmith, a rural constituency in the Orange Free State, ended in a tie and will be run again between Nationalist and Conservative candidates who polled 4,519 votes each. The seat, which has been Nationalist, could go Conservative next time because 120 votes were siphoned away by a small rival rightist party, the Herstigte Nasionale Party.

[The United States congratulated Mr. de Klerk on his victory and urged him to carry out his campaign pledges of ending apartheid as soon as possible, The Associated Press reported from Washington.

["We congratulate acting President de Klerk on his party's victory

See PARTY, Page 6

Kiosk

Rebels to Ease Salvador Raids

MEXICO CITY (Reuters) — Salvadoran guerrilla leaders said Thursday that they would stop some acts of sabotage to facilitate peace talks with the government that are to begin here Sunday.

The Farabundo Martí Liberation Front said here that Archbishop Arturo Rivera Damas would have to take part in the talks. The guerrillas said they would not set off mines or sabotage electricity and telephone services but would continue burning public transport buses until the government rolls back a 40 percent fare increase.

Alan Bond's embattled Australian business empire will get assistance from its rival, Elders IXL. Page 15.

General News

A quadriplegic has the legal right to end his life, a U.S. court has ruled. Page 3.

Travel

What prompts an American who already speaks fluent Latvian to take up Irish — in Donegal? Page 11.

Business/Finance

Seoul and Washington hit a deadlock in telecommunications talks. Page 15.

Dow Close	The Dollar in New York	
Down 12.91	DM	1.9788
	Pound	1.5525
	Yen	146.635
	FF	6.6655

Colombian Faces Trial in U.S.

Accused Drug Figure Is First Extradited in Crackdown

Compiled by Our Staff From Dispatches

ATLANTA — A Colombian sought as a leading money-launderer for cocaine traffickers in his country arrived under heavy guard Thursday in the United States, becoming the first person extradited by Bogotá during its recent crackdown on drug networks.

Eduardo Martinez Romero, who is accused of helping a drug network based in Medellín launder at least $15 million, arrived at a small airport outside Atlanta from Bogotá on a Drug Enforcement Administration plane, U.S. officials said.

U.S. agents were "on an increased state of alert" for any retaliation from the drug "cartels," said Weldon Kennedy, an agent in charge of the FBI in Atlanta.

In a brief preliminary hearing before federal court, Magistrate Joel M. Feldman postponed arraignment until Monday and ordered Mr. Martinez held without bail after the defendant said through an interpreter that he spoke only Spanish and did not fully understand the charges.

Mr. Martinez, 35, who has been indicted in Atlanta on money-laundering charges, is the first drug figure extradited to the United States under the special emergency powers decreed last month by President Virgilio Barco of Colombia.

President George Bush, speaking in Baltimore to U.S. military veterans, praised "the courage and determination" of the Colombian government for extraditing Mr. Martinez and warned against letting critics of his anti-narcotics strategy "lose the war."

Mr. Bush said the extradition of Mr. Martinez sent "a strong signal of the courage and determination of President Barco and the Colombian government to deal with this scourge which drugs are inflicting on all of us."

In Colombia, the government offered rewards equivalent to $250,000 for the capture of two men accused of being Medellín cocaine traffickers, and said Thursday that it would appoint a military mayor in a town threatened by death squads employed by traffickers.

Bush's plan is viewed skeptically by many of those concerned with drugs in Miami. Page 3.

Television advertisements promised the rewards for information leading to the capture of Pablo Escobar and José Gonzalo Rodríguez Gacha, who are on the list of the dozen most wanted accused drug traffickers sought by the United States.

The government announced Wednesday that President Barco would use his state of siege powers to name military mayors of cities that have drug-related violence.

On Thursday, Alvaro Garcia, spokesman for the governor's office of Boyaca state, said that Mayor Marino Estrada of Puerto Boyaca would be summarily replaced by a military officer, Major Alvaro Matallana of the army.

Puerto Boyaca, 150 kilometers (95 miles) north of Bogotá, has been a stronghold of rightist death squads that the government says are controlled by cocaine networks.

The opposition Conservative Party declared that the decision to impose military rule on some towns was unconstitutional.

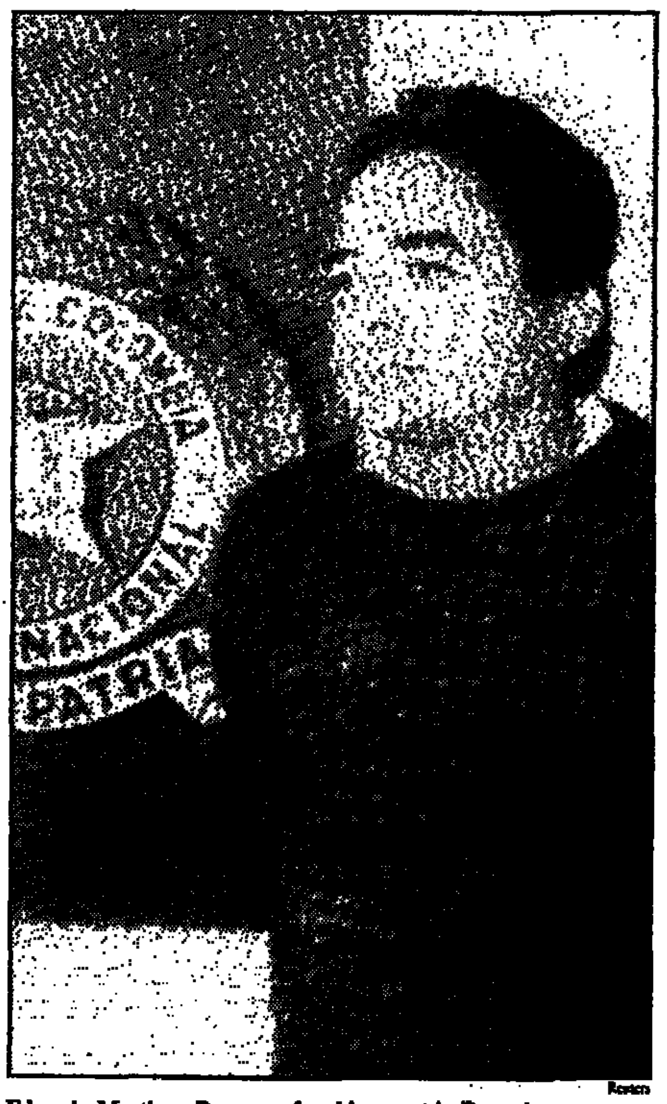
The decree was the latest in the extraordinary measures taken by Mr. Barco to suppress drug traffickers after the Aug. 18 assassination of Luis Carlos Galán, a leading presidential candidate and outspoken foe of the drug trade.

In reply, the drug networks have declared "total and absolute war" on Mr. Barco and most of the Colombian establishment, and drug gangs have bombed newspapers, factories, restaurants and government installations.

Mr. Martinez, who was arrested the first weekend after the crackdown, was indicted in March in Atlanta. U.S. officials said the investigation revealed an operation that laundered billions of dollars in cocaine profits through U.S. and foreign banks. Charges were brought against 127 people and two Latin American banks.

On Wednesday, Mr. Martinez denied the allegations. "I want it to

See CARTEL, Page 6



Reuters

Eduardo Martinez Romero after his arrest in Bogotá.

Aoun Denies Threats Against U.S. Diplomats

By Ihsan A. Hijazi
New York Times Service

BEIRUT — The Lebanese Army commander, General Michel Aoun, strongly denied Thursday that he had threatened U.S. diplomats, who were evacuated from their embassy in Christian East Beirut on Wednesday.

General Aoun, speaking at a news conference at his bunker under the demolished presidential palace in Baabda, a Christian suburb of Beirut, accused the U.S. State Department of acting on "hearsay and half-truths."

The news conference was held after Beirut had endured another night of heavy artillery barrages, the worst in more than a week. For three hours, artillery shells rained down on 10 neighborhoods in the mainly Muslim West Beirut while the entire coastline of the Christian enclave was pounded with field guns.

General Aoun's forces fired back as Syrian gunners and their Muslim militia allies shelled ships that were approaching Christian seaports during the early morning, police said.

Beirut residents, awakened by the din of explosions and the whooshing sound of falling projectiles, rushed to bomb shelters. The artillery duels eased at first light, but clashes with rocket-propelled grenades and heavy machine guns broke out across the Green Line, which divides the Lebanese capital into Christian and Muslim sectors.

The police said a man was killed and 10 wounded in the Muslim sector. No casualties were reported among the Christians. Nearly 800 people have died and more than 4,000 have been injured since the present round of fighting erupted about six months ago.

Ambassador John McCarthy and 29 American staff members were airlifted Wednesday from the U.S. Embassy compound in East Beirut and flown by helicopter to Cyprus as the compound was blockaded by supporters of General Aoun demanding a change in U.S. policy in Lebanon.

A U.S. State Department spokeswoman, Margaret D. Tutwiler, said in Washington later Wednesday that General Aoun had told the French newspaper Le Fi-

See AOUN, Page 6

Jittery Baltics Wonder 'What Will Moscow Do?'

By Bill Keller
New York Times Service

VILNIUS, U.S.S.R. — The talk in the Lithuanian capital this week is of Russian troops, and the jokes are of Baltic nationalists who finally achieve solidarity — in prison trains headed for Siberia.

The light jitters and dark humor are less a conviction of coming repression than a symptom of uncertainty.

"What will Moscow do?" everyone asks in the face of a sudden and ominous barrage from the Moscow propaganda machine aimed at the Baltic republics' movements for greater independence.

Few honestly expect tanks to roll into Vilnius.

But few expect Moscow to sit still for the disintegration of the empire, either, and no one sees a clear and easy course between the two extremes.

In the last few weeks, Moscow has left no doubt that what it once took as a slightly rambunctious but reassuringly peaceful exercise in democracy has now become a serious threat to the stability of the federation.

"If the processes in Lithuania continue developing in such an extreme direction, then I will not be your friend," President Mikhail S. Gorbachev warned in a telephone call to the Lithuanian Communist leader, who passed along the comments to the local press.

What worries Mr. Gorbachev most is talk of independence, now the ultimate dream of most Lithuanians, Latvians and Estonians.

Independence is a concept open to various interpretations here.

For many, it means eventual secession from the Soviet Union. For others it is maximum economic and political sovereignty within a loose Soviet confederation. But most agree that the nature of the relationship must be the Baltics' decision, not Moscow's.

That demand goes well beyond the concessions of tightly regulated sovereignty offered so far by the Communist Party.

Even short of secession, Moscow finds much cause for alarm here.

For one thing, nowhere else is the Communist Party's erosion of control more rapid or obvious than in the Baltic republics, where unofficial popular fronts, separatist movements and self-proclaimed political parties have become real partners in power.

It is too early to pronounce the Communist Party irrelevant, but already in all three Baltic capitals, traditionally obedient legislatures have defied the party center by adopting nationalist-inspired laws in response to public demand.

And these are legislatures elected five years ago under old rules.

After new, competitive local elections late this year and early next, the Baltic republics may well be in a situation similar to Poland's, with majorities virtually immune to party discipline.

When the Lithuanian Communist leader, Algirdas Brazauskas, was asked in an interview this week if he could foresee

See BALTIC, Page 6

Flood of Refugees Corners Hungary

Old Loyalties vs. New Aspirations

By Serge Schmemann
New York Times Service

BUDAPEST — By punching a hole through the border between East and West and inadvertently inviting a flood of East German refugees, Hungary has found itself torn between old loyalties to the East and new aspirations in the West.

Thousands of East German vacationers are in Hungarian refugee camps waiting to be taken to the West. Hungary must either violate a time-honored obligation to prevent flight to the West, and thereby anger its Warsaw Pact allies, or back away from its declared embrace of democratic values.

The general assumption among Hungarians, refugees and West

NEWS ANALYSIS

Germans, who would receive the refugees, is that Hungary will soon find a way to send the East Germans on their way west.

But already the unfamiliar notion of East Europeans' taking refuge in another East European country has provided a remarkable illustration of the unexpected quandaries generated as Eastern satellites begin to break free of Moscow's orbit.

Indications are growing that the Hungarians will need time — possibly weeks — to find some way of letting the East Germans go without alienating East Berlin.

Another fear is that assent to the release would set the precedent of Hungary as a drainage basin for East European countries still floundering under old-guard governments.

If the worst were to happen, thousands of refugees in Hungary would be denied passage to the West. Hungary would then be dotted with camps of Czechoslovak, Romanian or even Soviet refugees.

The prospect is not likely.

But the problem presented by the East Germans alone is already imposing. For Hungary, although apparently on the road to a democratic government, still does most of its business in the East and remains militarily linked to it.

The tradition of the bloc has always been to maintain a public facade of solidarity and to hash out disputes in private.

Hungary, which has already clashed publicly with Romania over the plight of ethnic Hungarians there, is reluctant to become even more isolated by openly defying East Germany.

Even if its Communist neighbors did nothing more than tighten their citizens' access to Hungary to stanch the flow to the West, Budapest would face a serious economic pinch.

East Germany alone sends 1.25 million tourists annually to Hungary, and Czechoslovaks account for 250,000 more; they provide income for Hungary's heavily mortgaged economy.

Many East Germans who arrive in Hungary travel with transit visas through Czechoslovakia.

There is also Hungary's new yearning for membership in the club of Western democracies and free economies. Any attempt to send the East Germans back to their country by force would be condemned by the West, with the possible result of reduced investment and aid.

Such an attempt would also create political havoc at home, where discussions between the Communists and other movements are expected to produce agreement on elections sometime next year.

The Communist Party, rent by widening divisions between conservatives and those who favor change, ravaged by resignations now running at the rate of 10,000 a month, is considered incapable of winning more than 30 percent of the vote, and is likely to take a bare 10 percent.

In this atmosphere, any sign of a revival of Stalinist tactics would be political suicide.

In Bonn, Budapest and East Berlin, the issue is assumed to be how, not whether, to arrange a refugee release. But the three governments would really prefer that the refugees go home and the route through Hungary be sealed off.

West Germany is already bursting with immigrants, and its constitutional commitment to eventual reunification argues against draining East Germany of talent and skills.

East Germany, apart from its obvious embarrassment at watching its citizens flee, is eager not to have to curb travel to Hungary.

Senior diplomats caucused in Bonn and East Berlin on Thursday over the fate of 6,500 East German refugees in Hungary, but the talks failed to break an impasse between the two Germanys on the proposed mass migration, wire services reported.

The West German government issued a statement accusing East Berlin of trying to disrupt the negotiations with false information and of trying to shift responsibility for the exodus elsewhere.

Red Cross workers in Austria, meanwhile, said Thursday that they expected hundreds of East Germans, frustrated by the delays, to cross over illegally from Hungary in the next few days.

Forty persons crossed illegally Wednesday night, 30 Tuesday night.

In Hungary, Red Cross identity documents were issued Thursday to thousands of waiting refugees. Officials denied this was the first step to an organized exodus.

West German Red Cross officials said 5,000 refugees under its auspices were being given papers stating their name, date of birth and address.

The Knights of Malta charity said it was issuing similar identity cards to 600 refugees.

Bernhard J. Holzner/The Associated Press

Mr. Ledogar, the chief U.S. delegate, was optimistic Thursday about a conventional-arms pact.

Dispute in NATO Stalls Arms Plan

Reuters

VIENNA — East-West talks to reduce conventional weapons by next year resumed Thursday, but disagreement within the NATO alliance delayed a Western proposal.

The alliance had hoped to present a package of "stabilizing measures," including limits on the size of military maneuvers, as the talks resumed.

The chief U.S. delegate, Stephen J. Ledogar, said the proposal was "98-percent complete" but did not yet have the full backing of the 16-member North Atlantic Treaty Organization. He said he hoped it could be presented Sept. 14.

The proposal includes limiting most military exercises from the Atlantic to the Urals to 40,000 troops and 800 tanks, with larger maneuvers requiring a year's notice, Western diplomatic sources said. Greece objected to this aspect of the package, fearing that it did not adequately limit the activities of Turkey, the sources said.

Diplomats from NATO and the Warsaw Pact said the talks, which have made rapid progress since they began in March, could meet a U.S.-imposed deadline for a treaty within a year.

"The Soviet Union and the other Warsaw treaty countries will be ready to conclude such a treaty in 1990, although frankly speaking it is not an easy thing to do," said Moscow's chief delegate, Oleg A. Grinevsky. "We are in for everyday laborious and toilsome work."

Mr. Ledogar described the mood after an eight-week break as optimistic. "That's the way we're going to remain," he said, "but we are also realistic because this is a huge task."

Bernhard J. Holzner/The Associated Press

Mr. Grinevsky, the chief Soviet delegate, emphasized the hard work ahead before any accord.

Negotiations On Coalition Are Begun By Lubbers

By Edward Cody
Washington Post Service

THE HAGUE — Fortified by his party's electoral victory, Prime Minister Ruud Lubbers began complicated negotiations with several possible allies Thursday on formation of a coalition government for the Netherlands.

Mr. Lubbers, whose centrist Christian Democratic Appeal retained 54 seats in the 150-member lower house for a plurality of 5 seats, carefully avoided tipping his hand to conserve authority in the delicate bargaining to come. He said at a news conference that a coalition was possible with the Liberal Party, his conservative partner in the outgoing government, or with the socialist Labor Party, the second-largest vote-getter with 49 seats.

The coalition agreement that comes out of the talks, which some political analysts have predicted could go on for weeks, was likely to shape government attitudes on key issues facing the Netherlands. Among them have been financing of an ambitious environmental cleanup program, legalization of voluntary euthanasia for the terminally ill and maintenance of a tax cut scheduled for next year.

The Liberal Party and the Labor Party have sharply different positions on some of these issues, particularly taxation and paying for anti-pollution measures. It is in the deal he strikes with leaders of one of these parties on a coalition program that Mr. Lubbers will set the tone for his next four-year term, his third consecutive mandate.

Queen Beatrix, the titular head of state in the Dutch constitutional monarchy, consulted with political leaders and her own advisers about setting the negotiations in motion. Party leaders said they suggested that the queen name an "informer" assigned to survey the political landscape and allow private contacts to take place before she formally names Mr. Lubbers to put together his government.

The Liberal Party leader, Joris Voorhoeve, urged simple renewal of the preceding coalition. Christian Democrats and Liberals were frequently at loggerheads in the outgoing government, however, and Liberal balking on ways to finance the environmental program split the coalition last May, making the elections necessary.

For this reason, many Dutch political analysts predicted that Mr. Lubbers is more likely to seek a coalition with the Labor Party this time. They interpreted his show of openmindedness Thursday as a bargaining tactic.

The Labor leader, Wim Kok, underlined his second-place finish and urged that Mr. Lubbers switch alliances and form a coalition with Labor. This would give the government a comfortable majority with 103 seats, he pointed out.

Mr. Kok said the Liberals, with only 22 seats, would be a weak partner for Mr. Lubbers, providing only a two-seat majority of 76 that would prove precarious in the face of difficult issues.

"The development of Europe, the environmental policy and problems of socioeconomic policy call for a government that has broad support in parliament and society," his party said in a statement.

Mr. Lubbers and Mr. Kok raised the idea of replacing traditionally detailed coalition programs with a broad declaration of common principles. This would prevent dragging out the negotiations needed to form a new government, they explained.

Mr. Lubbers took about two months both times to form his previous governments, in 1982 and 1986. Such delays are not unusual in the Netherlands; a postwar record of 208 days was set in 1977.

In East Germany, Envy and Frustration

By Robert J. McCartney
Washington Post Service

LEIPZIG, East Germany — At the fairground on the edge of this gritty industrial city, the pride of the world's most successful Communist-run economy was on display this week. The microcomputers, color television sets and chemical engineering equipment at the renowned East-West trade exhibition served as shiny testaments to East Germany's technological achievements.

But the relative affluence masks growing political tensions within the self-styled workers' paradise. At a time of ferment throughout Eastern Europe, more than 70,000 East Germans have left this year to settle in the West, saying the country's authorities will never embrace the kind of political and economic changes that are now liberalizing societies in Poland, Hungary and the Soviet Union.

Outside St. Nikolai Church in central Leipzig, several-hundred East German citizens demonstrated one evening this week, as they do each week, for the right to move to West Germany. "We want out!" they chanted.

Many of the protesters wore lapel buttons with portraits of the Soviet President, Mikhail S. Gorbachev, whose policies they said they wished their own government would copy.

Despite the popular yearning for change, East German authorities have adamantly resisted it in their rigid communist system because, they say, any steps toward a pluralist democracy and free-market economy would undermine the justification for a second German state.

The exodus to West Germany this year, the largest since the Berlin Wall was built more than a quarter-century ago, has challenged the septuagenarian leadership in East Berlin to find new ways to keep people from abandoning the country. But the debate within the ruling Communist Party has been stalled, and the chief of state, Erich Honecker, 77, is on leave while he recovers from a gall bladder operation.

The loss of many skilled workers already is disrupting an economy that has long suffered from a shortage of labor. More important, the mass flight illustrates that the government's unyielding attachment to a closed, Leninist system has cost it the confidence of a substantial segment of the population.

"Political dissatisfaction is very strong," said a 38-year-old theater technician who is a lay leader at St. Nikolai Church. "The feeling of people is that nothing is going on, that we have reached a state of stagnation. People have no trust that the government is even trying to solve the problems."

'People have no trust that the government is even trying to solve the problems.'

A resident of Leipzig

The protest here notwithstanding, East German dissidents and Western diplomats agreed that there was little likelihood that the society would suffer severe political turmoil any time soon.

The combination of a functioning economy, one of the world's most efficient secret police forces, the departure to West Germany of many of the most-alienated citizens and what many called "traditional German orderliness" appears to be sufficient to preserve social stability in the near future.

"I really don't have the impression that the situation is out of control," a Western diplomat said. "The system is going through some creaks and strains."

Nevertheless, the exodus to the West and the changes elsewhere in Eastern Europe have increased pressure on the government to consider a new course.

So far, the party is looking primarily at how to improve the supply of consumer goods. That approach recognizes that it means little to achieve the highest living standard in Eastern Europe when the population is inundated each evening with images on West German television of a system that provides goods of higher quality and much greater variety.

"If there were no West Germany, then nobody would leave East Germany," said Erich Hahn, a professor and chairman of the Scientific Council for Philosophical Research. "In the majority of cases, people make their decision not against East Germany but for West Germany."

In recent conversations, East Germans consistently said they were generally satisfied with the price and availability of basic goods, such as food and everyday clothing. But they complained about the waiting time of about 14 years for East Germany's Wartburg and Trabant automobiles and about the lack of stylish clothes.

"You can't get many things you see in the Western media," said Michael Gniffke, 22, a student from Brandenburg. "For young people, that means fashionable clothing and a car. Everybody dreams of a nice car."

Storm Erupts in France Over Anti-Semitic Tirade

Reuters

PARIS — An anti-Jewish tirade by an extreme rightist French politician sparked a furor in Paris and Brussels on Thursday, and French authorities said they might take legal action against him.

In an interview with the monthly magazine Globe, Claude Autant-Lara of the extreme-right National Front called the Nazi Holocaust a "pack of lies" about "so-called genocide" and directed a vicious attack against Simone Veil, a respected French politician and former president of the European Parliament who survived a Nazi death camp during the war.

Describing the comments as "grossly outrageous," the French Justice Ministry said it was examining whether to prosecute Mr. Autant-Lara, 88, once one of France's leading film directors and a member of the European Parliament since June. A spokesman for the National Front said that Mr. Autant-Lara had resigned from the parliament Monday, a few days after giving the interview.

Commenting on Mrs. Veil's internment at the Ravensbruck camp, Mr. Autant-Lara said: "She came back, didn't she? And she's in good shape. Well, when they talk to me about genocide, I say: in any event, they missed old Veil."

Mr. Autant-Lara said he approved of the Jews having their own country but added: "Unfortunately, they don't remain within its confines." He said that Mrs. Veil was "part of an ethnic group which is trying to take root and dominate."

Mrs. Veil, 62, whose father, mother and brother died in Nazi camps, said she would not take legal action against Mr. Autant-Lara.

In Brussels, the president of the European Parliament, Enrique Barón Crespo, said: "These remarks are vile."

WORLD BRIEFS

Rockets Fired in Jordan Hit Israel

JERUSALEM (NYT) — Rockets were fired at Israel from Jordanian territory Thursday morning for the first time in 20 years, slamming into agricultural fields in the northern Jordan Valley but causing no damage, the army said.

The attack followed four infiltrations across Israel's 275-kilometer (170-mile) border with Jordan in the last six months. In a phone call to Radio Monte Carlo, the Popular Front for the Liberation of Palestine, led by Georges Habash, took responsibility for firing the surface-to-surface Katyusha missiles Israeli television reported Thursday.

After the attack, Prime Minister Yitzhak Shamir said he did "not think that Jordan's policy to keep peace on our border has changed but recent incidents obligate alertness." He added, "The Jordanian authorities must prevent incidents like this because it is their responsibility."

China Dissidents to Hold a Congress

PARIS (AFP) — Chinese dissidents will hold a congress Sept. 22 through 24, probably in France, to found a Federation for Democracy in China, Chen Yizi, the most senior Beijing official to defect to the West, said Thursday.

Mr. Chen, an adviser to the deposed Communist Party chairman Zhao Ziyang, said in an interview that the congress would be held preferably in France because of its "democratic tradition and respect for human rights."

About 120 dissidents representing groups scattered around the world would attend the meeting, including 28 delegates from the United States, 30 from China, 25 from Europe, 15 from Hong Kong, 10 from Taiwan, 10 from Japan, 7 from Canada and 2 from Australia, he said. The federation would strive to "build a nonviolent base for a democratic China, not struggle for power," Mr. Chen said. For this reason, he said, "there is no question, at the moment, of setting up a political party."

U.S. Jury Acquits Yugoslav Diplomat

PHILADELPHIA (AP) — A U.S. jury acquitted a Yugoslav diplomat and the chairman of a Yugoslav bank branch in New York but convicted a Texas businessman of conspiring to launder nearly $3.5 million.

Bahrudin Bijedic, 48, Yugoslavia's consul general in Chicago, was acquitted of conspiracy to launder $3.47 million provided by undercover agents posing as mobsters by depositing the money in Yugoslavia and wiring it back to accounts in the United States to conceal its source. Vinko Mir, 55, chairman of LBS Bank of New York, also was acquitted.

Vjekoslav Spanjol, 42, of Plano, Texas, a naturalized citizen, and LBS Bank of New York, a branch of Ljubljanska Banka of Yugoslavia, were convicted of conspiracy to obstruct the U.S. Treasury from collecting taxes, gathering information on currency transactions and obtaining information on international cash movements.

Cuba to Pull Troops Out of Ethiopia

HAVANA (Reuters) — Cuban troops that were sent to Ethiopia to help the Marxist government in its war against Somalia will start leaving in two days, the Cuban Armed Forces said Thursday.

The statement gave no details on the number of soldiers that would leave on Saturday, but Cuba has reduced its troop strength in Ethiopia to 3,000 from 20,000 in 1978 and 10,500 in 1984.

In Atlanta, meanwhile, the Ethiopian government and Eritrean guerrillas began talks aimed at ending a civil war that began 28 years ago. The meeting, mediated by former President Jimmy Carter, was only the second face-to-face encounter in 11 years between the two delegations.

Summit Subdues Anti-West Rhetoric

BELGRADE (Reuters) — A declaration Thursday from the meeting of leaders of the Nonaligned nations toned down anti-Western statements and stressed a pragmatic approach to solving the world's problems.

As they wound up a four-day conference in Belgrade, delegates said Yugoslavia, India, Egypt and other moderates had persuaded the 102-member Nonaligned Movement to adopt a document declaring that the world is becoming a safer place. The main complaints had been that rich Western countries had done too little to ease the burden of poverty and debt on Third World countries and that military conflicts were still hampering the Middle East, Asia and Africa.

In another development, the Panamanian military leader, General Manuel Antonio Noriega, said Thursday in a message read at the conference that his country would continue to resist U.S. "economic aggression and military provocation."

Iraq Denies Many Details of Blast

LONDON (Reuters) — The Iraqi Embassy in London on Thursday described as highly exaggerated a report that 700 people had been killed in an explosion Aug. 17 at an Iraqi military installation. Rather, it said, 19 people were killed when a petroleum storage depot blew up that day.

Newspaper reports, quoting U.S. diplomats and Middle Eastern sources, said that the explosion occurred at a secret military establishment, south of Baghdad, in which Iraq is believed to be developing missile technology. It said that the dead included Iraqi and Egyptian engineers.

The Iraqi Embassy said that on Aug. 17 a fire broke out in a depot containing highly inflammable petroleum materials. "By a pure coincidence," it said, "a truck loaded with explosives for use in engineering projects" was passing by and in the explosion that followed, 19 members of the fire brigade and civil defense force were killed.

TRAVEL UPDATE

8 Die as Rains Hit Majorca and Ibiza

PALMA, Majorca (Combined Dispatches) — The regional government of the Balearic Islands moved to declare parts of the Mediterranean resort islands of Majorca and Ibiza a disaster area a day after torrential rains spawned flash flooding that heavily damaged buildings and led to eight deaths, a spokesman said.

Resorts along the Mediterranean coast went on alert Thursday as weather forecasters said more storms were on the way. Authorities in southern Spain issued radio appeals urging motorists to stay off the roads, farmers to leave fields untended and campers to move to villages.

The police found the bodies of eight persons, five of whom drowned in towering waves off beaches on Majorca and Ibiza. The rains, which began Tuesday in the eastern Spanish provinces of Valencia, Alicante, Murcia and Almeria, flooded villages, burst the banks of rivers, cut roads and telephone lines, closed airports and caused power cuts. *(AP, Reuters)*

The first regular ferry link between Sweden and Estonia will open in June when a Swedish shipping company initiates service between Stockholm and Tallinn, capital of the Soviet Baltic republic, with three overnight sailings a week, the Swedish company said Thursday. *(AP)*

Sabena flight attendants threatened Thursday to step up their labor actions next week if management of the Belgian national airline failed to meet their demands for higher pay. Sabena flights left on schedule Thursday but cabin crews were set to impose two-hour delays again on Friday and Sunday ahead of possible tougher action. *(AP)*

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	23	73	9	48	fr
Athens	30	86	20	68	cl
Barcelona	25	77	18	64	fr
Belgrade	20	68	8	46	fr
Berlin	22	72	16	61	cl
Brussels	22	72	10	50	fr
Budapest	21	70	14	57	o
Copenhagen	19	66	14	57	o
Costa Del Sol	26	79	18	64	st
Dublin	20	68	14	57	r
Edinburgh	17	63	8	46	o
Faro	28	82	17	63	st
Florence	26	79	9	48	fr
Frankfurt	21	70	7	45	fr
Geneva	21	70	7	45	fr
Helsinki	18	64	13	55	cl
Las Palmas	27	81	19	66	cl
Lisbon	28	82	18	64	o
London	26	79	13	55	fr
Luxembourg	20	68	10	50	fr
Madrid	21	70	—	—	r
Milan	24	75	12	54	cl
Moscow	15	59	3	37	fr
Munich	18	64	4	39	fr
Nice	24	75	17	63	fr
Oslo	25	77	11	52	o
Paris	23	73	12	54	fr
Prague	18	64	6	43	fr
Reykjavik	9	48	5	41	cl
Rome	—	—	17	63	cl
Stockholm	21	70	11	52	o
Strasbourg	22	72	8	46	fr
Venice	23	73	14	57	cl
Vienna	20	68	8	46	fr
Warsaw	—	—	6	43	o
Zurich	19	66	8	46	fr
MIDDLE EAST					
Ankara	27	81	8	46	fr
Cairo	34	93	22	72	fr
Istanbul	—	—	17	63	cl
Jerusalem	27	81	17	63	cl
Tel Aviv	30	86	22	72	cl
OCEANIA					
Auckland	—	—	—	—	na
Sydney	16	61	2	36	cl

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	25	77	[illegible]
Beijing	26	79	18	64	[illegible]
Hong Kong	30	86	25	77	[illegible]
Manila	32	90	25	77	[illegible]
New Delhi	—	—	—	—	[illegible]
Seoul	29	84	19	66	[illegible]
Shanghai	27	81	22	72	[illegible]
Singapore	31	88	25	77	[illegible]
Taipei	30	86	27	81	[illegible]
Tokyo	31	88	24	75	[illegible]
AFRICA					
Algiers	27	81	23	73	[illegible]
Cape Town	—	—	7	45	[illegible]
Casablanca	26	79	20	68	[illegible]
Harare	30	86	12	54	[illegible]
Lagos	—	—	23	73	[illegible]
Nairobi	28	82	—	—	[illegible]
Tunis	30	86	26	79	[illegible]
LATIN AMERICA					
Buenos Aires	—	—	—	—	[illegible]
Lima	—	—	—	—	[illegible]
Mexico City	26	79	14	57	[illegible]
Rio de Janeiro	—	—	21	70	[illegible]
NORTH AMERICA					
Anchorage	16	61	10	50	[illegible]
Atlanta	28	82	21	70	[illegible]
Boston	25	77	17	63	[illegible]
Chicago	30	86	21	70	[illegible]
Denver	28	82	10	50	[illegible]
Detroit	29	84	19	66	[illegible]
Honolulu	30	86	24	75	[illegible]
Houston	35	95	24	75	[illegible]
Los Angeles	27	81	19	66	[illegible]
Miami	32	90	26	79	[illegible]
Minneapolis	27	81	19	66	[illegible]
Montreal	24	75	15	59	[illegible]
Nassau	31	88	25	77	[illegible]
New York	26	79	18	64	[illegible]
Phoenix	41	106	29	84	[illegible]
San Francisco	21	70	12	54	[illegible]
Seattle	24	75	11	52	[illegible]
Toronto	26	79	16	61	[illegible]
Washington	27	81	20	68	[illegible]

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slightly rough. FRANKFURT: Fair. Temp. 24—10 (75—50). LONDON: Cloudy. Temp. 20—15 (68—59). MADRID: Stormy. Temp. 23—14 (73—57). NEW YORK: Partly cloudy. Temp. 28—20 (82—68). PARIS: Fair. Temp. 24—13 (75—55). ROME: Fair. Temp. 26—16 (79—61). TEL AVIV: Not available. ZURICH: Fair. Temp. 23—10 (73—50). BANGKOK: Showers. Temp. 32—25 (90—77). HONG KONG: Rain. Temp. 30—26 (86—79). MANILA: Cloudy. Temp. 33—24 (91—75). SEOUL: Fair. Temp. 29—19 (84—66). SINGAPORE: Fair. Temp. 30—25 (86—77). TOKYO: Fair. Temp. 31—23 (88—73).

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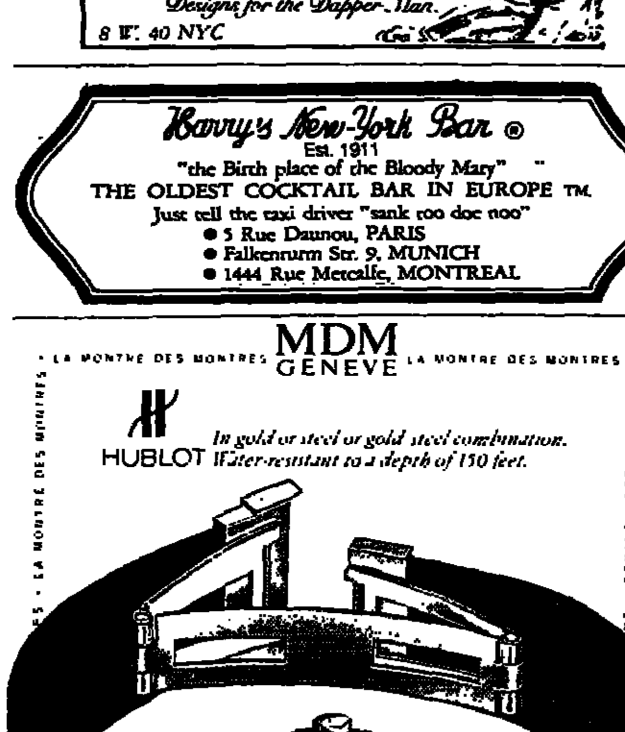

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Colombians singing during a candlelight vigil in a park across from the White House. About 200 Colombians, residents of the Washington area, took part in the vigil to show concern about the escalation of drug-related violence in their home country.

Vidal Medina/Reuters

On a Front Line, Doubts on Drug War

By Jeffrey Schmalz
New York Times Service

MIAMI — Still perspiring from their foot chase of a crack dealer, Officers Charles Fernandez and Adam L. Burden caught their breath while listening to President George Bush's drug speech over the radio in their police car.

"Another Band-Aid approach," Mr. Fernandez said.

A few blocks away, 10 former addicts and dealers, as part of their rehabilitation, watched the speech on television. They broke into cheers when the president called for the death penalty for drug kingpins, saying: "Yes! Yes! Yes!"

In still another part of Miami, a 27-year-old dealer was too busy to watch the speech even if he had been interested. His corner crack business was booming.

"He can slow it down," the dealer said of the president as teen-agers on bicycles swarmed about. "But he can't stop it. It's like gold. People go crazy for it."

Every war has its political battles and its tactical battles. While Mr. Bush was beginning his political maneuvering with a speech, the view from Miami's streets, one of the country's front lines where the war on drugs is fought, indicated that his proposals were too limited and too simplistic.

Many addicts said they were still high when released from jail, usually after being held for less than 24 hours following an arrest for petty theft or drug buying.

What was needed, police and counselors and addicts agreed, were far more beds than the president's plan would provide in prisons and rehabilitation centers to keep a crack user off the streets long enough to get the drug out of his system and him into counseling.

"When you're out there drugging, nothing's going to change unless you get your mind clear," said Jimmy, 39, a recovering addict. "But you're in jail and back on the street next morning. You never get your mind clean."

Many former addicts laughed at the mention of prison, saying it was just as easy for them to get drugs there as on the streets.

Former addicts and counselors applauded the president's proposals for greater education about drugs. But they said that what was needed was not just the simple teaching about the harmful effects of drugs but the more complex teaching of how children can come to like themselves.

Addicts and counselors said the president was wrong in equating the problem with crack. The problem was self-destructive behavior, they said. They called for forming psychological teams that would begin as early as kindergarten to identify vulnerable pupils.

"You think I didn't know crack was bad for me?" asked Jacques, 30, a former crack addict now in a rehabilitation center. "I knew all about how bad it was. But it didn't make any difference. I don't think Bush understands. You know how bad it is, but you still do it."

Jacques, along with nine other former crack addicts, was in the recreation room of the center, run by a group called Spectrum, to watch the speech.

The center houses 68 former addicts, male and female, black and white, providing counseling and helping them find jobs. A decade ago, all its residents were heroin addicts. Then came those hooked on a mix of heroin and Quaaludes and other pills. Now all but three or four were there for crack addiction.

At least two crack houses are visible from the windows of the center, which is in Miami's poor, black Liberty City section. Business was steady at them throughout the Bush speech.

Some of their customers said they had been among the more than 55,000 people arrested in Florida last year for drug sales and possession.

At times the two police officers listening to the president in their patrol car in another part of Liberty City were cynical and laughing.

"More overtime," Mr. Burden said when Mr. Bush mentioned more spending on law enforcement.

But at the rehabilitation center, there was respectful quiet while the president spoke. Afterward, the consensus among the former addicts and dealers was that he needed to be much tougher.

A former addict said his crack-addicted sister had refused any help, and when he was asked what the president could do about someone like that, several members of the group shouted, "Arrest her!"

Mandatory confinement and treatment was the answer, they said.

"He should cut off her getting welfare," said Debbie, 27.

"We used to call it Mother's Day," Walter, 39, a convicted dealer said of the day that welfare checks arrived and women lined up at crack houses.

"They should remove her kids from her," said Claire, 38. "Parents should have to reconstruct their lives in order to get their kids back."

When it was suggested that they sounded more like a group of Republicans griping in the country club than like poor inner city drug users, they said they were worked up because addicted mothers meant addicted children. It was that chain above all else that had to be broken, they said.

Most of the former addicts did not directly blame societal conditions like racism or unemployment for their drug problems but family problems like addicted or abusive or inattentive parents.

KGB Agent In Israel May Be in Spy Swap

Compiled by Our Staff From Dispatches

BONN — West German security sources said Thursday that the Soviet Union was interested in a spy exchange involving one of its agents imprisoned in Israel.

But the sources said they were unaware that a large-scale international exchange of imprisoned agents was planned, as reported in the West German newspaper Die Welt.

The newspaper said that the United States, the Soviet Union, East and West Germany, Israel, Norway and three other countries were preparing for the world's biggest swap of jailed spies and that it would be carried out later this year.

According to Die Welt, Moscow is seeking the release of Shabtai Kalmanovich, an agent of the KGB intelligence service who is serving a nine-year prison sentence in Israel.

It also named a professor Glinberg, without giving his first name. According to Die Welt, Mr. Glinberg, an expert on chemical warfare, was sentenced in 1983 to 18 years imprisonment in Israel for spying for the Soviets.

In Jerusalem, Mr. Kalmanovich's lawyer said that his client did not want to return to the Soviet Union and denied that he was involved in the swap.

But the West German security sources said that an East German lawyer, Wolfgang Vogel, had visited Israel to try to arrange an exchange involving Mr. Kalmanovich.

The West German and Norwegian governments dismissed the report of a multilateral spy deal as speculation.

The Israeli prime minister, Yitzhak Shamir, said that Israel had no official comment, but added that his government was "not opposed in principle" to spy swaps.

Die Welt said that Arne Treholt, a former senior official in the Norwegian Foreign Ministry convicted of spying for the Soviet Union, would be included in the swap, but the Norwegian prime minister, Gro Harlem Brundtland, said this was pure speculation.

Die Welt said the other countries involved were South Africa, Britain and Iraq.

According to the report, the Soviets are also seeking the release of Dieter and Ruth Gerhardt from South Africa. Mr. Gerhardt, a former admiral arrested in 1981, is serving a life sentence; his Swiss-born wife is serving a 10-year term.

(Reuters, AP)

Gunner Blamed in Navy Blast

But Investigative Report on Deaths Admits Uncertainties

By George C. Wilson
Washington Post Service

WASHINGTON — The U.S. Navy said Thursday that Gunner's Mate 2d Class Clayton M. Hartwig "was the most likely person" to have slipped a detonating device between bags of powder in the 16-inch gun on the battleship Iowa, causing the explosion on April 19 that killed him and 46 others.

Gunner's Mate Hartwig was in charge of the loading of the No. 2 turret.

The navy, releasing its official report Thursday at the Pentagon, said that its investigation could not pinpoint a reason for the explosion but that it had been "most probably caused by an intentional act."

The 24-year-old sailor became a focus of the investigation after it was discovered that he had named another sailor as the beneficiary of a $100,000 life insurance policy.

The tragedy ranks as the worst U.S. naval disaster at sea since the Vietnam War.

The navy said it could not pinpoint a precise reason for the explosion given that "the personnel most knowledgeable of actions and intentions were those who lost their lives."

However, it said, "The explosion was most probably caused by an intentional act."

Rear Admiral Richard D. Milligan, who headed the four-month investigation, termed Gunner's Mate Hartwig "a loner, a man of low self-esteem who talked of dying in an explosion in the line of duty and being buried at Arlington National Cemetery."

But Admiral Milligan and Admiral Leon A. Edney, vice chief of naval operations, acknowledged during a Pentagon news conference that they had not been able to come up with incontrovertible evidence that Gunner's Mate Hartwig sabotaged the turret, in which he was serving as gun captain. Nor could they definitely establish a motive.

The report found numerous lapses in record-keeping of the gun crew's training, in observance of the requirements for handling the ship's weapons and in following of safety procedures.

Even so, the navy insisted that "exhaustive tests and duplication of the type of blast that occurred conclusively demonstrate that these shortcomings did not cause the explosion."

Those lapses, however, are widely expected to have some effect on the Iowa's senior officers, including its commander, Captain Fred P. Moosally. Along with the ship's executive officer, weapons officer and gunnery officer, Captain Moosally is expected to be called to explain the lapses in a hearing that could determine whether any punishment will be meted out.

The admirals rejected published suggestions that Gunner's Mate Hartwig and Gunner's Mate Kendall Truitt, who survived the explosion and who was named as the beneficiary on an insurance policy, had a homosexual relationship. "We have no hard evidence whatsoever of homosexuality in this case," they said, but instead had found a pattern of a succession of very close relationships.

The navy's acknowledged uncertainties about who and what caused the explosion that roared through the turret while the Iowa was conducting gunner exercises off Puerto Rico have led Gunner's Mate Hartwig's family to charge that he has been made a scapegoat for an inexplicable tragedy.

Near Collision Of Jets Blamed On Confusion

New York Times Service

NEW YORK — A misunderstanding between an air controller and the pilots of a Trans World Airlines jet almost led to a midair collision near Chicago this week, according to U.S. investigators.

Five passengers and a flight attendant suffered minor injuries Tuesday when the pilot of TWA Flight 181, a Boeing 767, nosed the plane down abruptly to avoid hitting a large U.S. Air Force jet. The two planes came within 100 feet (about 30 meters) vertically, an official with the National Transportation Safety Board said.

The airliner was flying from St. Louis to Paris with 151 passengers when the pilots mistakenly followed the controller's instructions that were intended for another airliner, the Federal Aviation Administration said.

By the time the controller realized the misunderstanding, the jet was on a collision course with a U.S. Air Force KC-10. The KC-10 is a military version of the McDonnell Douglas DC-10 airliner.

The incident occurred at 35,000 feet about 80 miles (130 kilometers) southeast of Chicago. The National Transportation Safety Board, which does not routinely investigate all such incidents, said it has taken charge of the case, indicating that it considers it a possibly serious breach of safety.

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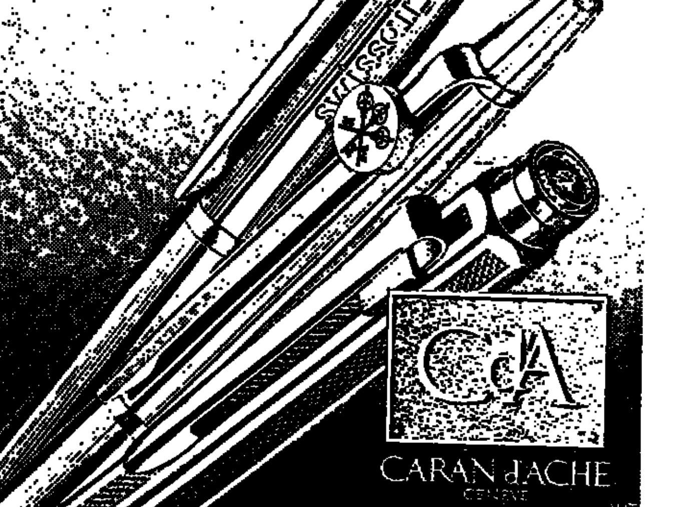

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Quadriplegic Wins Right to End His Life

By Peter Applebome
New York Times Service

ATLANTA — A Georgia Superior Court judge has ruled that a quadriplegic who says he no longer gets any enjoyment from life has the right to turn off his own ventilator so he can die. The judge also allowed medical personnel to administer a sedative.

The judge, Edward H. Johnson, ruled Wednesday after an emotional hearing that Larry James McAfee, who was paralyzed from the neck down in a 1985 motorcycle accident, should be allowed to end his life. At an earlier hearing at his hospital bed, Mr. McAfee, 33, told the judge he woke up every morning "fearful of each new day" and wanted to die.

At a hearing, his mother, father and three sisters all testified that Mr. McAfee, an avid outdoorsman prior to the accident, found that his life on a ventilator deprived him of the things that made his life worth living.

"He said he did not want to exist like this," said a sister, Patsy McAfee Perry. "He said he wasn't living."

The judge apologized from the bench Wednesday for forcing the family to endure a private tragedy in a public forum.

Most "right-to-die" cases have involved comatose patients or those who cannot make their wishes known to the court. Legal experts say that in many ways the law is clearer in the cases of lucid patients, like Mr. McAfee, who are making informed decisions about the removal of life-support systems.

A similar case in July involved a Michigan man, David H. Rivlin, 38, who was left a quadriplegic after a surfing accident. Mr. Rivlin died after a court ruled that he had the right to have his life-support system disconnected.

Fenella Rouse, director of legal services for the Society for the Right to Die in New York, said, "It sends chills up anyone's spine to see someone saying their life is not acceptable and they want to end it. But the law is clear that people have the right to decide what level of medical care they want to receive."

The case here comes at a time when such issues are increasingly in the public eye.

The U.S. Supreme Court agreed at the end of its term in July to hear for the first time a "right to die" case in which a Missouri couple is seeking to remove life-support systems from their comatose daughter.

This week in Reno, the first National Conference of the Judiciary on Bioethical Issues is bringing together judges from around the country as well as medical and ethical experts to deal with some of the legal issues posed by advances in medicine and science. The issues range from ownership of embryros to cases like Mr. McAfee's.

Ms. Rouse and other legal experts say cases like Mr. McAfee's are often handled privately rather than in the courts.

But when Mr. McAfee filed suit in August he was being treated at a hospital that did not want to be a party to his death. In addition, Mr. McAfee, who has tried in the past to dislodge his breathing apparatus, said he needed someone to administer a sedative so he could avoid the terrifying, suffocating feeling that occurred when he briefly dislodged his ventilator. Such an action had the potential to expose medical personnel to civil or criminal liability.

His petition drew no opposition from the state or from local religious or medical groups.

But representatives from four organizations for the handicapped said the court was taking an ominous step in sanctioning his decision to die.

In a statement, the organizations said "it is a grave error of logic and ethics to confuse the death wish of a person in the very last stages of a terminal illness with the death wish of a disabled person."

Whitney Ad Protests Move to Curb Arts Grants

By Grace Glueck
New York Times Service

NEW YORK — The Whitney Museum of American Art has placed a full-page "open letter" in The New York Times and The Washington Post protesting the legislation proposed by Senator Jesse Helms to restrict U.S. grants for art that is deemed "obscene and indecent."

The move was a highly unusual political action for an American art institution.

The ads, which were published Thursday, were the first such public protest by a museum in the current dispute over congressional involvement in grants made by the National Endowment for the Arts.

"As the leading museum of American art, we believe that the Whitney has a responsibility to mobilize opposition against what we see as government interference in the creative arts," said Tom Armstrong, the director of the Whitney.

At the top of the ad is a photograph of a wilted flower by Robert Mapplethorpe, whose canceled exhibition at the Corcoran Gallery in Washington included sexually explicit material that helped spark the Helms amendment.

The show was canceled by Corcoran officials before it opened because of worries over congressional reaction. A Mapplethorpe show at the Whitney had included similar material.

Under the photograph, a headline reads, "Are you going to let politics kill art?" The text declares that art "should be supported by government and protected from politics."

The amendment proposed by Senator Helms, Republican of North Carolina, passed by a small vote in the Senate and awaits consideration by a joint committee of Congress. The measure provides that any art deemed "obscene and indecent," or that "denigrates, debases or reviles a person, group or class of citizens on the basis of race, creed, sex, handicap, age or national origin," be denied money from the National Endowment for the Arts.

It was prompted by congressional furor over two exhibitions partly financed by the endowment: the Mapplethorpe show, organized by the Institute for Contemporary Art of the University of Pennsylvania; and one at the Southeastern Center for Contemporary Art in Winston-Salem, North Carolina, which included a photograph by Andres Serrano of a crucifix submerged in the artist's urine.

Giuliani Successor Is Named

New York Times Service

NEW YORK — President George Bush has nominated Otto G. Obermaier, a defense lawyer, as the permanent successor to Rudolph W. Giuliani in the highly visible post of U.S. attorney in Manhattan. Mr. Obermaier, 53, is a former federal prosecutor in New York who has specialized as a lawyer in defending white-collar crime suspects.

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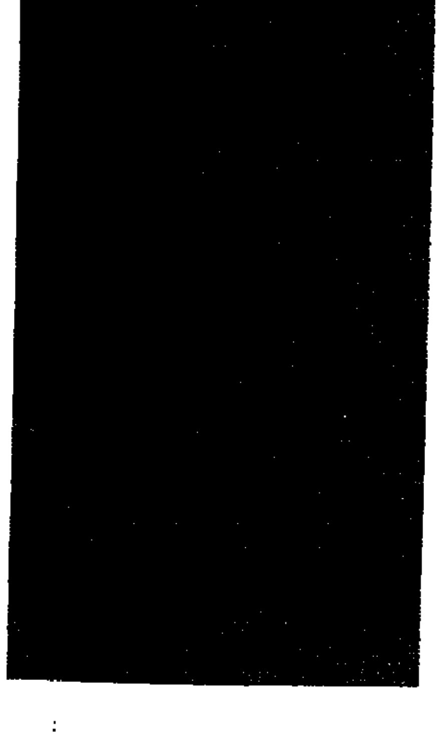

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OPINION

The War Plan on Drugs

The Outlay Falls Short

"Those who judge our strategy only by its price tag simply don't understand the problem," President Bush said in his first big televised speech, committing his administration to an expanded war on drugs.

But the price tag is all-important. Laudably, Mr. Bush offers an intelligent strategy in place of the simplistic oratory of his predecessor. Lamentably, having pointed in the right direction, he offers a program that would bring progress measured in inches.

If he means what he said, that drugs are "the gravest domestic threat facing our nation today," then he needs to respond with equal gravity — and spending.

His words say nothing is more important. His actions say that he considers something else more important: his stubborn promise not to raise taxes.

The president displayed a plastic envelope of crack. "It's as innocent looking as candy, but it is turning our cities into battle zones, and it is murdering our children." No resident of New York, Los Angeles or Washington would call that exaggerated.

Mr. Bush then outlined a program prepared by William Bennett, the director of drug policy. Federal money would help local law enforcement reclaim neighborhoods overrun by drug gangs and expand the criminal justice system. Drug treatment capacity would be enlarged; so would drug education and prevention.

He also called for spending $261 million, on top of $65 million already committed, to help Colombia, Peru and Bolivia get rid of drug crops, processing labs and traffickers. The aid would bolster Colombia's president, Virgilio Barco Vargas, in his fight against the drug cartels. All told, the United States would spend $2 billion over three years to help the three countries.

Some critics characterize the plan as merely a rejiggering of old ideas. But what new ideas are evident? Mr. Bennett conducted a creditable inquiry into what has been learned so far. He and Mr. Bush continue to emphasize law enforcement, but they would shift the focus from the border interdiction that has not been effective to street-level harassment of drug dealers. The police have had some success with new tactics to keep dealers on the run and reclaim neighborhoods torn by drug violence.

The money for Andean countries represents a dramatic new gesture. The three countries now receive less than $100 million in U.S. help. Their police and military agencies must scrounge for crumbs — a helicopter here, a few new trucks there. Especially with the wave of outrage in Colombia, the infusion of funds and equipment could make a huge difference.

But these initiatives, while sensible, are small. Taken as a whole, the Bush-Bennett strategy calls for adding $2.2 billion to the $5.7 billion spent in the current fiscal year. And much of that $2.2 billion would go for federal prisons needed with or without a drug strategy. Only $716 million of the new money, bled from other programs, would actually be spent next year.

If Mr. Bush is serious that drugs must be fought "neighborhood by neighborhood, block by block, child by child," then surely he does not also mean dime by dime.

The Bush plan preserves the current antidrug spending breakdown of 70 percent for law enforcement and 30 percent for education and treatment. Yet there is broad agreement that as much ought to go for treatment as for law enforcement. Limited funds appear to force the imbalance. The president is stingy with dollars because he is broke — by his own choice.

No matter how savagely drugs damage America, he continues to hold sacred his campaign pledge against any new taxes. Compare his anti-tax stubbornness with the anti-drug courage of Colombia's leaders.

But the fact remains: Until he puts fighting illegal drugs ahead of reading his lips, his call to arms sounds more like a whisper.

— *THE NEW YORK TIMES.*

Put the Users at Risk

President Bush is changing the emphasis in the country's strategy against drugs. *Previously most of the counterattack was directed against the suppliers and sellers.* The administration is now calling for systematic prosecution of the users.

There has been an inclination to regard users chiefly as victims, and in a qualified sense, that is correct. But they are breaking the law and providing the money that keeps the whole process going. With billions of dollars in profits flowing to traffickers and dealers, it is futile to go after the supply system alone. With rewards on the present scale, a dealer who is arrested will immediately be replaced by another. It is time to begin imposing greater risks and more systematic sanctions on the users as well.

It is a pity that Mr. Bush was not more explicit about that in his address. Going after the demand side of the equation is not quite as popular as prosecuting suppliers, for the suppliers are generally an unsavory collection of professional criminals. Many of the users, by contrast, think of themselves as respectable and basically harmless citizens. As long as they buy, however, the drug markets will be uncontrollable.

The market for cocaine is apparently dividing. The middle-class, intermittent users are becoming fewer. But consumption has become entrenched, Mr. Bush says, among a million or so people. Although he did not say it, a high proportion of those people are living in poverty, without hope, many of them black or Hispanic. Mr. Bush's plan does offer much to this group.

Mr. Bush has drawn a good deal of criticism for his refusal to pour a massive increase of money into this campaign. Mr. Bennett has argued that the immediate need is not more resources but better organization. Since few of the present programs are working effectively, this theory may now receive a more thoroughgoing test.

Any federal strategy against the drug markets is extraordinarily difficult to manage. Most of the enforcement work falls to state and local police. They can always use more federal support, but the additional amounts of money that Mr. Bush proposes are small in comparison with the very large efforts that they are already making. Outside the United States, the president depends on the help of foreign governments. Some of them, like Colombia's, are operating under a threat of violence that demands heroic courage on the part of officials there.

Mr. Bush's progress in this latest phase of the U.S. assault on the drug trade is going to require, as he pointed out, a lot of cooperation both at home and abroad. But it is the response here that will be crucial. As Americans' tolerance for drugs in their cities diminishes, and as they come to consider cocaine intolerably dangerous to the whole society, the probability of success will rise.

— *THE WASHINGTON POST.*

Cuba Raises the Walls

While the breezes of freedom surge through much of the Communist world, Fidel Castro is resolutely turning Cuba into a fortress of reaction. The latest sinister turn was the arrest last month of three Cuban human rights monitors, Elizardo Sanchez, Hiram Abi Cobas and Hubert Jerez Marino. Each was a leader of an unofficial group seeking some leeway for peaceful dissent. With their arrest, 23 human rights activists are now in Cuban jails.

The crackdown came in the wake of the banning of two Soviet publications, Moscow News and Sputnik — an unusual move for a country that depends on Soviet aid. An editorial in the Cuban party newspaper, Granma, accused the periodicals of showing "fascination with the American way of life."

That is an odd reproach, considering that Cuba's president is himself notably fascinated by Americans. He has turned Hemingway's house into a shrine, cultivated media celebrities like Barbara Walters and insisted that Cuba's quarrel is with Washington, not the American people. What makes the censorship of Soviet publications more curious is Mr. Castro's long record of loyally defending every gyration of Soviet policy.

But the old Soviet god has now failed Mr. Castro, and infidels like Mikhail Gorbachev lead what was once the true church.

In January, Mr. Castro told Cuban party leaders: "Those inside the Communist Party who show themselves in favor of perestroika and glasnost are of the same clique as those dissidents out there and of counterrevolutionaries. We are not going to tolerate this deviationism."

Having raised one wall against U.S. influence, Mr. Castro must now build another to keep out perestroika and glasnost.

Looming ahead is a Cuba sealed off along the lines of North Korea, where a leader-for-life can endlessly publish endless speeches about his "humanist" revolution.

— *THE NEW YORK TIMES.*

Other Comment

The Final Battle Matters Most

Whatever the strengths or weaknesses of President Bush's program, at least his message this week signals a turnaround from the days when the "drug war" was waged by the First Lady chirping "Just say no" while the president expended his energy fighting chimeras.

Make no mistake, what Mr. Bush outlined is barely a beginning. Drug suppliers will be "caught, prosecuted and punished," the president pledged. Yes, we must focus on more effective law enforcement — by providing more police muscle at every level. Yes, we must provide effective prosecution — by beefing up prosecutorial staffs at every level. And yes, we must assure swift and certain punishment — by providing more judges and even building more prisons where necessary.

But ultimately these are only holding actions. In the end this war will be "won" only when we remove the pervasive hopelessness that lures people to a moment of relief from the ennui and anomie of inner city life; only when we offer productive and decently paying jobs as an alternative to the life-style of the drug dealer as a role model.

— *The Baltimore Evening Sun.*

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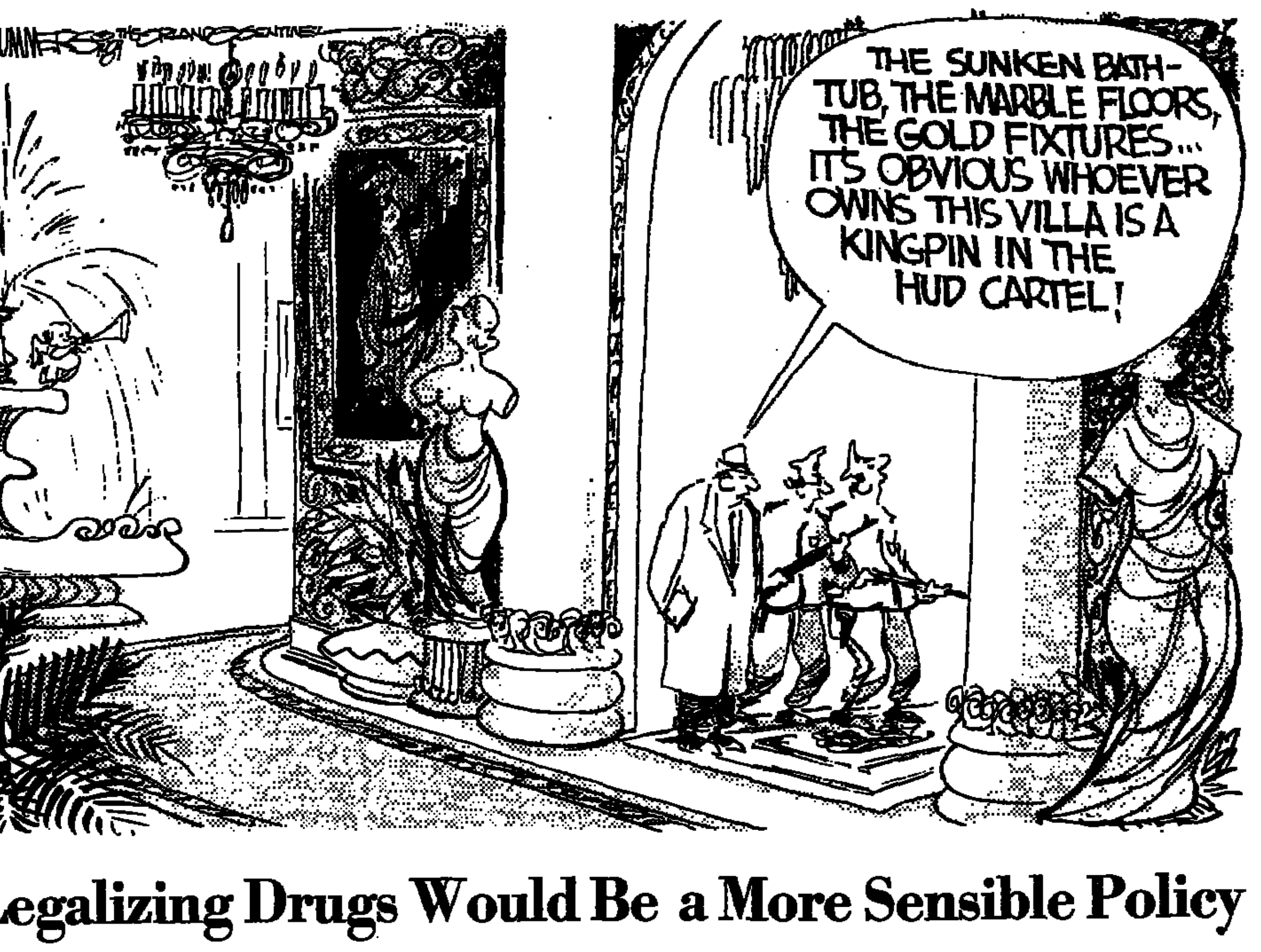
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Legalizing Drugs Would Be a More Sensible Policy

By Ethan A. Nadelmann

PRINCETON, New Jersey — Drug czar William J. Bennett's national drug control strategy, announced this week by President Bush, calls for more money for drug treatment and drug prevention.

That is good. It acknowledges that illegal drugs cannot be kept out of the country by tougher interdiction measures. It concedes that drug eradication efforts overseas can accomplish little in keeping cocaine and heroin out of the United States. And it recognizes that pursuing such efforts can play into the hands of anti-American forces in drug-producing countries.

Mr. Bennett is not the first federal official to acknowledge these limitations. His willingness to concede these points — even if he continues to throw money in their direction — offers some hope for the future.

But Mr. Bennett also wants to go after the casual user, particularly of marijuana, with an intensity not seen in two decades. This represents a wholesale — and costly — rejection of the lessons of drug history.

Seventeen years ago the Shafer Commission, appointed by President Nixon, recommended that marijuana be decriminalized. That same year, the Canadian government's Le Dain Commission did likewise. Ten years later, a panel appointed by the National Academy of Science arrived at the same conclusion.

In the 11 states that decriminalized marijuana during the 1970s, rates of consumption have been indistinguishable from rates in those states that did not decriminalize. A 1988 study by Michael Aldrich and Tod Mikuriya in the Journal of Psychoactive Drugs estimates that California's decriminalization law of 1976 has saved the state half a billion dollars in arrest costs. In the Netherlands, where cannabis was decriminalized in 1976, consumption among young people has actually decreased.

All the evidence suggests that targeting and punishing marijuana users are not merely foolish but costly, counterproductive and immoral. Most marijuana users are not drug addicts but responsible citizens who work in the legal economy, pay taxes and care for their families. Yet they are the ones most likely to test positive in a drug test. And they remain susceptible to arrest by police who presumably have many more valuable things to do.

Mr. Bennett also seems to believe that more police and prisons are the principal answers to the drug problems of the inner cities. Here again, he is ignoring the lessons of history. During the past decade, expenditures on drug enforcement have roughly tripled and the number of Americans in prison has doubled. Paying for the construction and maintenance of prison systems represents the fastest growing item in many state budgets. No other country in the Western world (except South Africa) has a higher percentage of its citizens behind bars. Yet despite this increase in punitiveness, most aspects of the drug problem in the inner cities are getting worse.

The experience of the inner cities during the 1980s suggests that tougher penalties and more police will not deter children from pursuing lucrative opportunities in drug dealing. Getting tough will not reduce the turf wars between drug-dealing gangs — indeed it may increase it. More police will not persuade pregnant women that their crack use is doing grave harm to their babies.

What is needed in the inner cities is a different two-pronged policy:

- The government needs to undermine the vitality of the illicit drug market and to destroy the distorted incentive structures that lure so many inner city children into the drug world. Decades of trying to accomplish this with criminal-justice measures have proven the failure of such approaches. The only solution now is a controlled policy of drug legalization. Government must regulate and tax. But it must also make even the most dangerous drugs available to those adults who want them. There is no other way to drive the dealers from the business.
- Much greater resources, derived from taxation of the drugs that are now illegal and untaxed and from the billions saved by not wasting money on more criminal-justice measures, must be devoted to drug treatment and prevention. With the growing involvement of drug users in the spread of AIDS, it is all the more imperative.

It is just as important, however, that we plan for the future by investing in preventive measures — not drug education so much as more Head Start programs and prenatal and postnatal care. All of the evidence indicates that a dollar invested in preventive measures such as these returns a far greater dividend than a dollar invested in incarcerating yet another drug dealer or user.

The United States does not need a war against drugs or against drug users, or even a drug czar. It needs a courageous leader, one willing to eschew the rhetorical stance and pursue the most sensible policies.

The writer is an assistant professor at Princeton University's Woodrow Wilson School of Public and International Affairs. He contributed this comment to the Los Angeles Times.

Exxon Must Finish Cleaning Up Its Mess in Alaska

By Gerry Sikorski

WASHINGTON — The not so funny story is that it takes 10 Exxon executives to change a light bulb: one to change it and nine to do the public relations.

Exxon's decision in July to unconditionally suspend the cleanup of the Valdez oil spill as of Sept. 15 served to restart both their public-relations machine and fuel the public's anger.

Congress must insist that Exxon take appropriate steps to insure a thorough cleanup of Prince William Sound, including maintaining winter crews, as appropriate, until the spill is completely removed.

Despite Exxon's claim that its work is almost finished, the Coast Guard has looked at the more than 1,800 miles of oil-fouled coastline and found that less than half the job Exxon promised to do had been done. Still, Exxon has announced a suspension — leaving the tides and waves to do its job.

In May, the chairman of Exxon, Lawrence Rawl, pledged to resume the cleanup next spring and return the beaches to their natural state. But in July an Exxon spokesman refused to commit the company to doing so. He stated that Exxon planned to send back only 20 of the 10,000 cleanup and survey workers in the spring.

Many of America's top scientists predict that by spring the oil goo will harden, turning the once pristine wilderness into the world's largest asphalt lot. And, left to "cleanse" itself, much of the oil will settle to the ocean floor, releasing toxic petroleum hydrocarbons into the food chain for decades to come.

Exxon's "don't worry, be happy" assumption that, no matter how badly we deface her, Mother Nature can take care of herself, is nothing new.

When the Alaska oil pipeline was built 15 years ago, Exxon dismissed the dangers of an oil spill in Prince William Sound with reassuring words of good faith. This spill couldn't happen, the company said, and if it did, Exxon had just the right contingency plans to deal with it.

Exxon executives are hoping for a case of collective amnesia.

But when the Exxon Valdez cracked open in March and dumped 72 million pounds of crude oil into one of the most biologically diverse and fragile ecosystems in the hemisphere, Exxon had no oil spill specialists on hand. It had fired all of them as a profit-boosting measure. The company's vaunted emergency contingency cleanup plan consisted of one broken-down barge in dry dock.

Then Exxon procrastinated as cleanup deadlines came and went. Finally, as the public outrage grew, it pledged in May that the cleanup would be completed by end of this summer.

Meanwhile the spill — the largest in America's history and the costliest industrial accident ever (exceeding those at Three Mile Island and Bhopal, India) — has irreparably damaged much of the animal life and the crystalline waters of the sound. At least 50,000 birds, 10 percent of the area's population, have been killed.

Significantly, as the oil was spreading in the spring, the Environmental Protection Agency indicated that, despite industry claims, new drilling proposed by the Bush administration cannot take place without damaging to the delicate tundra environment.

It also said that the Alaska National Wildlife wilderness area — the breeding ground for North America's largest remaining herd of migratory caribou and habitat of polar bears, musk oxen, wolves, foxes and a rich variety of waterfowl and fish — is under siege from 20 years of oil company mismanagement, failure and illegalities.

Acres of tundra blackened by chemical spills, oil wastes, leaking chemical drums and overflowing garbage dumps tell the story.

Interior Secretary Manuel Lujan has stated, rightly, that Exxon is fully liable and responsible for the accident and has an obligation to restore Prince William Sound to its original condition.

Inexplicably, Transportation Secretary Samuel Skinner meekly accepts Exxon's claim that it has lived up to its obligations and that Alaskans are "satisfied."

The governor of Alaska, Steve Cowper, says he expects Exxon to stay on the job until it is done.

The state's Department of Environmental Conservation has expressly requested Exxon to leave some crews in place this winter to deal with oil that washes off beaches. Exxon plans to keep its crews in Anchorage, hours away.

Exxon executives are hoping for a case of collective amnesia in the American public, so that a suspension of the cleanup will turn a winter into a millennium.

It is time for Congress to say "enough" — enough missed deadlines, broken promises and good intentions. We can begin by passing a resolution expressing the sense of Congress that Exxon has failed in its obligation to clean up the spill and must do so without suspension or further delay.

It is probably true that the road to hell is paved with good intentions. It is undoubtedly true that the path from the Valdez is paved with Exxon crude. Americans want it cleaned up.

The writer, a Democrat of Minnesota, is a member of the House Energy and Commerce Committee. He contributed this to The New York Times.

Trade: The Problem Lies in America

By Hobart Rowen

WASHINGTON — "I have this nightmare," William Brock said when he was Ronald Reagan's trade representative. "Japan does everything we ask it to do, and we wind up with no change in our trade deficit."

Mr. Brock's lament was only a slight exaggeration. If Japan abandons its barriers to imports, American exports would surely expand. But the notion that totally fair Japanese treatment of imports would solve the $50 billion U.S. trade deficit with Japan is ludicrous.

It is discouraging to hear President Bush mouth inanities, as he did during Prime Minister Toshiki Kaifu's visit to Washington, about Japan becoming "an import superpower." All of the big nations — the United States included — should junk their protection of weak domestic industries. But the response to the decline of America's global economic clout will have to be found at home.

That remains the underlying reality of the trade "problem," despite the emergence of what some have begun to refer to as "revisionist" thinking, meaning that there is wider acceptance of old-style protectionist-bashing of Japan. Calls for "managed trade," or the establishment of targets for Japanese purchases of American goods, have been popularized by former Commerce Department aide Clyde Prestowicz, by James Fallows in The Atlantic, who argues for "containing" Japan, and others.

Karel van Wolferen, a Dutch correspondent in Tokyo for the past 20 years, says in his book, "The Enigma of Japanese Power," that Japan is run by a materialistic and greedy business-managerial class that risks "the enmity of the world," while individual citizens accept a standard of living well below that of Europe and America.

But it is a big leap from a psychoanalysis of Japan and its cultural problems to the revisionists' prescription for "managed trade" as a cure for American problems. Imports into the United States rose from $265 billion in 1981 to $338 billion in 1985, a bulge attributed to the rise in the dollar. The overvaluation was addressed by the 1985 Plaza Accord to deflate the greenback. But from 1985 to 1988, imports rose to $446 billion.

What this demonstrates, says Robert J. Shapiro, former campaign economist for Michael Dukakis, is that even with a cheaper dollar, "we are less competitive in our own market because we are less productive than our rivals."

Mr. Bush's comments during Mr. Kaifu's visit suggest that instead of dealing with our problems, this administration is getting hung up on a mercantilist view of the world. This holds that exports must get special help from government to counterbalance "unfair trade practices."

The House majority leader, Richard Gephardt, can be counted on to line up with Mr. Bush. He is planning to stir some anti-Japan remedies in a new legislative pot labeled "market-opening." The Missouri Democrat would also provide government money for high-tech joint ventures with business, and require increased disclosure of foreign investments in America.

Mr. Bush campaigned vigorously against Mr. Dukakis's espousal of such intrusive government measures. But he will find it increasingly difficult to argue against Mr. Gephardt and other Democrats, so long as he gives license to Commerce Secretary Robert Mosbacher to fight for an almost parallel "industrial policy."

The answers lie in reducing the budget deficit, which in turn generates a huge consumer buying sponge, soaking up goods from abroad; and in further improvement in union and industry efforts to match Japanese management skills and product quality.

We clearly need a national strategy to cope with the trade deficit. But it is not a Japan Problem, as the revisionists label it, but an American Problem. What's in a name? That which we call protectionism by any other name would smell as sour.

The Washington Post.

Verification Can Secure This Treaty

By John R. Galvin

The writer is commander of U.S. and allied forces in Europe.

BRUSSELS — Talks on conventional force reductions reconvened Thursday in Vienna after a summer hiatus. Although a number of topics will be discussed at this session, one of the most important will be the issue of verification.

The history of successful arms control agreements is relatively short, partly because adequate verification techniques were been available until recently. Treaties concluded without methods to assure compliance — such as the Kellogg Briand Pact of 1928 that outlawed war "as an instrument of national policy" — are not unheard of, but are seen more for their naïveté than for their contributions to security.

It was not until national technical means were developed in the early 1960s that the Anti-Ballistic Missile Treaty and the SALT-1 arms treaty became a reality, and not until the Soviets accepted the principle of on-site inspections that the INF Treaty to eliminate intermediate-range nuclear forces and talks on conventional arms control became possible.

Verifying compliance with treaties is not a matter of trust. While few would question the determination of most Warsaw Pact governments to reduce their armaments holdings, a treaty on conventional forces must be designed to last well into the future.

Whether we will be equally certain of the next generation of Soviet and East European leaders is problematical. It is partly because national leaders change that solemn treaties rather than verbal agreements are binding in international politics and that verification systems are the price of doing business in arms control.

It must be made to last well into the future.

Beyond the obvious benefits of deterring violations and detecting possible cheating, verification systems offer a number of indirect contributions to security.

As the static numerical balance between East and West approaches parity, one of the more important components of military stability will be the dynamic balance — the relative ability of each side to mobilize its reserves and to reinforce its forward deployed forces.

The potential aggressor will always enjoy an advantage in this respect because he can choose the time and place of the initial attack. Adequate early warning, however, can reduce this edge and enhance conventional stability. Because a comprehensive verification package provides physical evidence of a build-up by the adversary, it contributes to deterrence.

A well-constructed verification system also offers the opportunity to improve the confidence with which East and West deal with one another.

It was Soviet compliance with the terms of the INF Treaty that helped make possible the current negotiations on conventional forces. Had Moscow failed to live up to the letter of the agreement, or had vague clauses led the United States and the Soviet Union to different interpretations on implementing the accord, the serious arms control discussions we are seeing probably would not be taking place.

Moreover, without a strict verification regime many in the West would have refused to believe that the Soviets fulfilled their obligations. An exacting, demanding and fair system to ensure that both sides observe restrictions will make a significant contribution to stability.

Oddly, it is the openness that a verification system promises that has led to objections in the West. Some argue that a comprehensive regime may force the West to divulge some of its military secrets. That is always possible. But the Soviet Union and the nations of Eastern Europe have been closed societies for so long that there is a great deal we need to learn about them. If one side can benefit more than another by improving communication between East and West, the net gain will be ours.

While a treaty on conventional forces in Europe cannot be the sole basis for Western security in coming years, it will be one of the mainstays. Will supporting the treaty and ensuring rigorous compliance with its provisions be expensive? Not compared to the cost of making a mistaken analysis of the true military capabilities of the other side.

International Herald Tribune.

100, 75 AND 50 YEARS AGO

1889: A Daring Plunge

NEW YORK — This morning [Sept. 7] Steve Brodie, the so called Brooklyn Bridge jumper, went to the bank of the Niagara River above the cataract, donned a rubber suit, paddled himself out into the river about six hundred feet above the Horse Shoe falls and floated down over the highest part of the mighty downpour. Should he recover from his injuries Brodie's feat will rank as one of the most daring bits of personal courage in the whole range of adventure.

1914: Russian Victory

PETROGRAD — The Russians continued their vigorous offensive along the Austrian front. It is said that at Lemberg the Austrians, who did not expect the Russians to make such a vigorous offensive, were terrified by the arrival of the Muscovite troops and fell immediately into a state of panic which ended in their complete demoralization. Believing the fortress almost impregnable, the Austrians had stored up a year's provisions. The Russian booty, therefore, is tremendous. The Russian victory at Lemberg has caused almost delirious enthusiasm throughout Russia.

1939: Appeal for Unity

LONDON — All British political parties vowed themselves to a political "truce" today [Sept. 7] after unanimous approval of the stirring speech in Commons by Prime Minister Neville Chamberlain in which he revealed heretofore unknown details regarding military activities and concluded with a vibrating appeal for national unity in a war "for the noblest causes … more precious than ourselves … that of right and justice among nations." After the speech and replies by the leaders of the various parties, both Houses of Parliament adjourned until Wednesday. Mr. Chamberlain paid a glowing tribute to the Polish Army, "fighting bitterly against a brutal enemy."

OPINION

Now on the Silver Screen: Reagan's 'Morning After'

By Anthony Lewis

BOSTON — Self-indulgence is good for you: That was the message of the Reagan years. And how Americans wanted to believe it. "It's morning again in America," the Reagan TV spot said in the 1984 presidential campaign. The public was convinced.

Now it is the morning after. The reckoning is starting to come in for those eight years. Americans see that the indulgence in private greed exacted a heavy public cost, one that will burden their children and grandchildren.

The savings and loan scandal was a squalid case of private enrichment at public expense. S&L officials used their depositors' money on worthless loans and yachts for themselves. Most of the cost of repaying the insured depositors will fall on the public.

How much? It is hard to estimate. President Bush and his people have done their best to fudge it. But it will be well over $100 billion in the 10 years, and more in the decades following.

When the Bush administration produced its savings rescue legislation last winter, it was called a $50 billion plan. That was the amount that was to be raised by bonds to buy out insolvent institutions. But it did not include the larger sum in interest on the bonds, most of it to be paid by the public.

When the legislation was enacted last month, it was called a $166 billion rescue package. That was the sum of capital, interest and other bailout costs over the next 10 years. But again it may not be high enough. The Economist of London said of the $166 billion figure:

"It assumes no more thrift insolvencies, no rise in interest rates, no more withdrawals of thrift deposits and a healthy input from the sale of assets owned by the thrifts that have gone bust. All questionable assumptions — so the changes are that more cash will be needed."

The Congressional Budget Office estimates that over 30 years, the life of the Bush rescue plan, it will cost $300 billion to close insolvent S&Ls. The taxpayers will pay at least three-quarters of that, $225 billion.

President Reagan was not the sole author of the S&L disaster, not by any means. Congress changed the law to insure larger loans and ones of riskier character. And some members tried to protect dubious savings officials. But the tone of indulgence was set by Reagan with his antipathy toward government regulation.

Another heavy burden on the future comes from the government's nuclear weapons manufacturing plants. Perhaps because individual greed is not involved, this scandal has not made as many headlines as the S&L troubles. But it is every bit as serious.

The weapons plants have been pouring nuclear poison into the atmosphere and land around them for years. They require fundamental repairs, and the existing risks to health from radioactive waste have to be removed. The cost is estimated at more than $100 billion.

Here again the responsibility is not the Reagan administration's alone. Troubles at the nuclear plants began earlier. But they grew flagrant in the last eight years, when so many more weapons were being produced, and they were ignored.

Money is not the only measure of what the cost of the Reagan years. The scandals at the Department of Housing and Urban Development did not produce large losses to the Treasury by current standards: a mere $2 billion or so. But they did painful damage to the idea of government assistance for housing.

There is no way that the private housing markets can solve the problems of urban ghettos or the homeless or needy older persons. But any proposal now for government insurance or subsidy will evoke cynical memories of James Watts's $400,000 telephone calls.

The intangible costs of the Reagan years to domestic tranquility are surely greater than what can be measured in dollars. They are the costs of hostility to the role of government, of indulgence toward private greed, of insensitivity to the needs of the weak in our society.

Ronald Reagan saw a Hobbesian jungle out there and liked it. He believed, with unquestionable sincerity, that Americans would all be better off if the strong and the rich were left free to act, even at the expense of the less fortunate.

Americans are naturally skeptical of government, so it was not surprising that they responded to the Reagan message. But in real life there is no safety or humanity for anyone unless the society as a whole is a decent one. Hobbes, in the 17th century, said that life without organized society would be nasty, brutish and short.

The New York Times.

Passing on the Bill

MOVING PART of the cost of the savings-and-loan bailout "off budget" will cost taxpayers additional billions. But because the maneuver helps keep federal spending within Gramm-Rudman limits, our political decision-makers will take bows for their discipline in not adding to the deficit.

This farce only dramatizes what lies at the very heart of our inability as a society to fulfill our essential responsibilities to ourselves and our children's future. We should not congratulate our political leaders for solving problems within their tenure that our children ultimately will have to pay for.

— Frances Moore Lappe, co-founder of the Institute for Food and Development Policy, in the Los Angeles Times.

SUCCESS STORY
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RONALD REAGAN
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—R. Reagan
POLLUTED ENVIRONMENT

By HERBLOCK

In the cutting room.

Driving Out Daydreams at Summer's End

By Ellen Goodman

BOSTON — The geese are overhead, flying south in V-formations as crisp as a sharpened pencil. We watched them from the porch in a Maine light transformed by September clarity. Now we follow their lead, proceeding on our own annual migration.

The path we take also heads south, along parallel highway lines. We pass the exit to Kennebunkport where George Bush has spent his vacation in

MEANWHILE

the presidential triathlon: fishing at 10, tennis at 11, horseshoes at noon. Within an hour of home, the roads become clogged with our own species: back-to-school, back-to-work creatures.

With jars of wild blackberry jam wrapped carefully in T-shirts and towels, we are returning to the real world, although why we call it "real" I cannot tell you. Is reality hard-edged and harried while fantasy is soft and leisurely? Is the real world one of obligations and the fantasy world one of pleasures?

Our migration takes only a few hours, but as we reach the city a familiar feeling comes out of its August hibernation. The rush that comes from being rushed. A lick of anxiety accompanies us through the traffic to the airport where, in some adult variation of the old car pool, I leave my once-child on her way back to college.

And as I watch her, books, bags, guitar and all, the familiar watchword of the real world comes back into my mind: Hurry. The new year has begun. Hurry.

This is what I associate with September as much as clean notebooks and new shoes. We learn all over again to trade our own rhythms for those of school and work and, in turn, we teach that to our children. In millions of homes there is the same sudden nagging jump-start to the year. It is the sound of our own voices commanding ourselves and our kids: Stop dawdling.

On the streets today, there are kids with straight parts in their hair and lunch in their Batman boxes. Behind these kids there is a private tutor, at least one parent whose alarm bell precedes the school bell, whose workday begins with the urgent morning job of getting everyone out of the house. Someone who wages a small battle against the sleepy summer tug of leisure, or its evil twin, sloth.

This is what morning is like in America. Not the image of Reaganesque fields and flags, but of pressed parents who may regret the sound of their own impatience sprinkling the breakfast cereal. It is the image of kids collected in buses and cars, delivered to buildings and redistributed to teachers and classrooms. Americans on schedule, on line, productive.

There is no mystery to why we trade our inner pace for a workaday lockstep. There is no living to be made on the sand. Nor is there any mystery to why we become our children's trainers in this pattern. We Americans are driven for the most part by what Barbara Ehrenreich calls succinctly in her new book title, "The Fear of Falling."

Even the middle class in America, or especially the middle class in America, is insecure about its economic future and its children's future. That's more true now in an era when the middle is shrinking and many are slipping down or scrambling up. The fear of falling attaches itself to another anxiety — "a fear of inner weakness," as Ms. Ehrenreich observes, "of growing soft, of failing to strive, of losing discipline and will."

We fight these anxieties in ourselves by making a virtue out of necessity: hard work. We fight it in our children by driving out daydreams with discipline.

If we are very lucky, we find work we like and schools where our children are happy. But it's only when we step aside for a time, a week or a summer, that the pace becomes daunting, unnatural.

Pretty soon, I know, long before we have emptied the last jar of blackberry jam, it will seem routine again. To the children on my street, the school year that crackles with a fresh start will grow as worn and familiar as a chalkboard eraser. Workaday life will seem as normal as wearing a necktie instead of a T-shirt, heels instead of sneakers.

But today, having just left the ocean for the city, I am most aware of the deliberate, even dutiful, way we prepare our children to lead the exact life that we find so rushed. The pressure is on. Hurry, kids.

Washington Post Writers Group.

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LETTERS TO THE EDITOR

First, Let Iran Reform

The fundamental principle expressed by Shahrough Akhavi *("Let Tehran Calm Down, Then Talk," Opinion, Aug. 23)* was sound, namely that the United States should not make any overtures to the "new regime" in Iran until it is clear that this regime has both the will and the ability to deal with the West.

I suspect that the wait is going to be protracted. So far as the will for closer relations is concerned, no doubt Hashemi Rafsanjani is keen to reopen trade with the West to ease the economic crisis that threatens Iran. Nevertheless, it should not be forgotten that this man is no friend of the West. He has held high office in the regime that was responsible for the occupation of the U.S. Embassy and for the taking of Western hostages. In his inaugural address he went out of his way to stress that he planned no easing of attitude to the West.

Mr. Akhavi suggests that European countries should be encouraged to take the lead in bringing Iran out of its isolation. Why should any civilized country make overtures toward a regime that is responsible for the grossest abuses of human rights?

As long as Mr. Rafsanjani's regime continues to imprison, torture and execute its opponents and to sponsor acts of terrorism it should be shunned by the international community. The time to normalize relations with Iran will not come until its long-suffering people enjoy a more democratic government.

M. STOKES.
London.

Who Made the Drug Lords?

The president of Colombia, Virgilio Barco Vargas, says, "Those of you who depend on cocaine have created the largest, most vicious criminal enterprise ever known." *("Colombia Leader Takes Case to U.S. Public," Aug. 30.)* Mr. Barco is wrong. Responsibility for the deaths and the corruption associated with the drug trade belongs to those public officials who believe that they have the right to say "thou shalt not" to a significant minority of the public.

The drug barons are a pack of hyenas, feeding on the hypocritical morality of a society that says some drugs (such as cocaine) are worse than others (such as alcohol). It will be easier to hunt them down when they are cut off from the megaprofits that result from making cocaine and other drugs illegal. Until drugs are legalized, financing a drug war will be throwing good money after bad.

P. McNEILL.
Zurich.

The Death Turnip and Other Hot News

By Dave Barry

MIAMI — Summer's almost over, and here at News Central we realize that many of you have been too busy enjoying traditional warm-weather activities such as mayonnaise poisoning to keep up with the news. So today we're going to review the summer's top stories, including the Death Turnip and, of course, the theft of valuable cattle gallstones in Towanda, Pennsylvania.

But first we want to share the truly exciting news, namely: Americans are going to Mars. Yes! This goal was announced by President George Herbert "Skywalker" Bush, who demonstrated the depth of his commitment to it by standing in front of a flag the size of the Amazon Basin. Granted, the Mars mission won't be cheap — the cost is currently estimated at $400 billion, not including reality — but the potential benefits are enormous.

For openers, Americans will earn, as a nation, more than 500 MILLION frequent flier miles. Also, they will learn many useful scientific things about a mysterious space neighbor.

For example, when early astronomers first reported that the planet's surface was crisscrossed with lines that looked like canals, many people believed that Mars was inhabited by intelligent life; whereas we now know, thanks to advanced telescopes, that these "canals" are actually nothing more than railroad tracks.

Nevertheless, a burning passion to know more about Mars continues to sear the bosoms of taxpayers everywhere. And although the president did not explain exactly how Americans were going to pay for the mission, he put it on the "fast track" by placing it in the hands of Vice President Dan Quayle, who is clearly ready to take on new responsibilities, having already mastered, after less than a year in office, TWO DIFFERENT KINDS of telephone (regular and car).

Speaking of the American flag: Another summer news item that you should be aware of is that the penalty for flag-burning is now execution without trial. This is the result of a much-needed law passed by Congress during an emergency all-night session following a widespread outbreak of some guy burning a flag in 1984. (Please note, however, that, thanks to the vigilant efforts of the National Rifle Association, Americans retain their constitutional right to SHOOT the flag.)

In another national security item, we're pleased to report the successful test flight of the Stealth bomber, which costs $500 million but is worth every single million because it's invisible to Soviet radar. How is this possible? The answer is simple: Soviet radar doesn't work. How could it? It was built by the Soviets. You can get better results by manually squinting out the window.

Ha ha! We're just kidding of course. Soviet radar works fine. The REAL secret behind the invisibility of the Stealth bomber is — IT'S 17 INCHES LONG. This tiny size will enable the Stealth to penetrate Soviet airspace, the only drawbacks being that a) the plane's munitions payload capability is a single M-80 firecracker; and b) the Stealth has proved to be highly vulnerable to air force guard dogs, who keep running off with it.

In other summer news items:

- Several readers sent us an Associated Press article about a man in London who was killed by a turnip thrown from a passing car. This will no doubt lead to a push for mandatory turnip registration, which will of course be defeated by the National Rifle Association.
- A meatpacking plant employee in Towanda, Pennsylvania, was accused of stealing 2.2 pounds of cattle gallstones valued at $20,000. This item was in an article sent in from the Williamsport Sun-Gazette (true headline: "Area Man Accused of Cow Parts Theft"). The article states that cow gallstones are valued in the Orient as an aphrodisiac. The police are still trying to locate the missing stones, so if you have any idea as to their whereabouts, you can put us down for a pound and a half.

© Knight-Ridder Newspapers.

Chicago would like to remind everybody that the first four letters of its name are Chic.

Yes, mesdames and messieurs, it's true. The place that Carl Sandburg once described as "... hog butcher to the world." and "... the city of big shoulders" is indeed one of the world's most fashionable locales.

In fact, if old Carl were to stroll the streets of present day Chicago, he'd be stunned by what a grand monde it's become.

Oak Street, for example, dotted with such names as Armani, Versace, Ultimo and Fiorucci, would jar his sensibilities.

Then there's State Street. That "Great Street" as Frank Sinatra has been known to address it in song.

No wonder. Block after block is filled with shop after shop. Electronics. Leather goods. Fashion. You name it and State Street's got it.

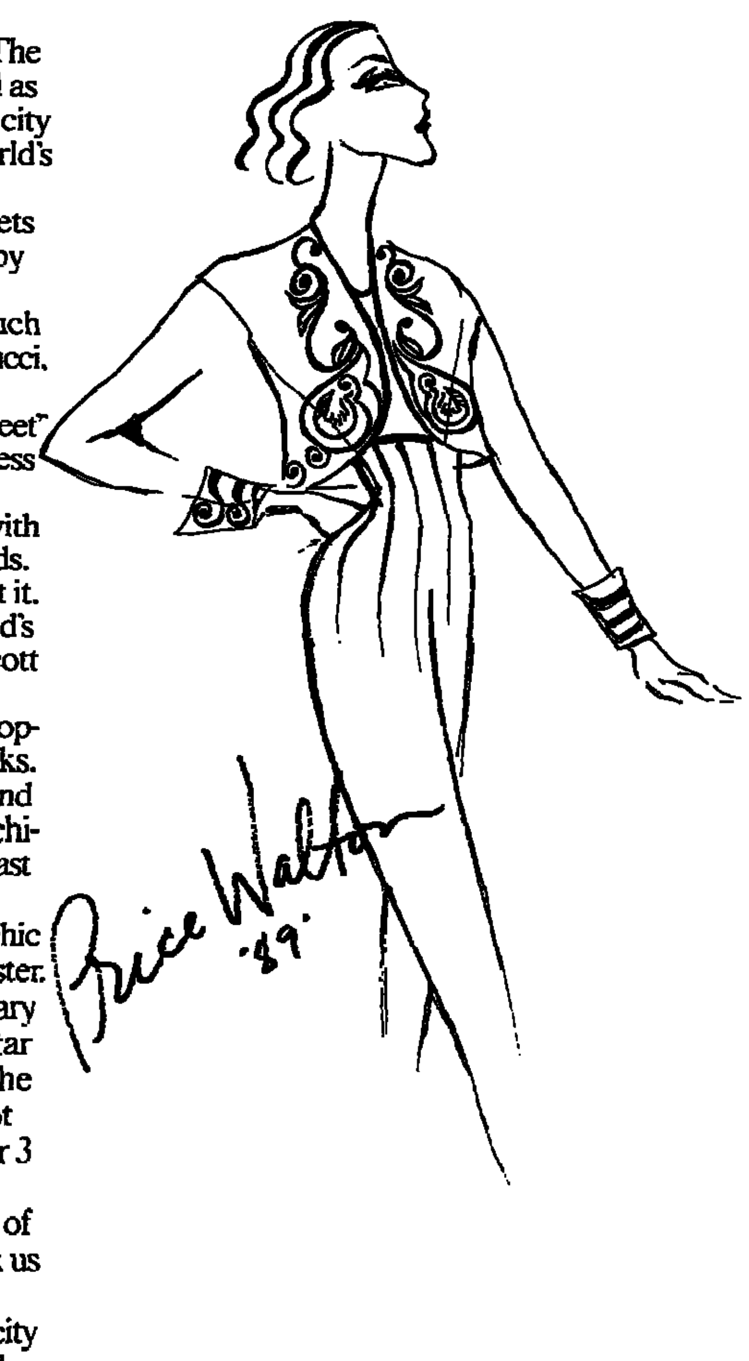
And anchoring it all are two of the world's great department stores—Carson Pirie Scott and Marshall Field & Co.

Oh yes, there's another fairly popular shopping district. Home to Bloomingdales. Saks. Lord & Taylor. I. Magnin. Bonwit Teller. And other renowned merchants. It's called Michigan Avenue. But to the true fashion enthusiast it also goes by another name. Paradise.

Adding further luster to Chicago's tres chic reputation are such designers as Mark Heister. Becky Bisoulis. And Price-Walton. Legendary photographer Victor Skrebneski. Superstar model Cindy Crawford. And, of course, the Apparel Mart. The six million square foot wholesale buying center that attracts over 3 million buyer visits a year.

For information on special tours of one of the world's true fashion meccas, simply fax us in Brussels at 32-2-5125809.

Chicago. These days, we're not only the city of big shoulders, we're the city of padded shoulders as well.



Chicago.
The American Renaissance.

Illinois Dept. of Commerce and Community Affairs. Office of Tourism © 1989.

VOTE: *Governing Party Loses a Fourth of Its Seats and Claims Victory*

(Continued from page 1)

led by a man identified as Prince Kabinda.

He said the "Town Committee" faction had attacked Prince Kabinda's house, set it on fire and shot to death Prince Kabinda's 69-year-old mother-in-law and a six-year-old child who was staying in the house. He said a 14-year-old boy was also killed, and four other adults shot to death.

Brigadier Mellet said that five other persons died of gunshot wounds in four mixed-race townships near Cape Town.

"We do not know the circumstances of these deaths," he said.

He said the police had confiscated five homemade "zipguns" in the area where the people were killed, and suggested that they may have died at the hands of "gangsters."

"The police did, during heavy street fighting in the townships, make use of shotgun fire," Brigadier Mellet said.

But he said that no evidence had been uncovered indicating that the police were responsible for any of the deaths.

"We want to make it clear to Archbishop Tutu that if he holds press conferences and comes up with allegations, we expect him to at least provide evidence," Brigadier Mellet said.

The Reverend Allan Boesak, president of the World Alliance of Reformed Churches, also said at the news conference held jointly with Archbishop Tutu that 23 people had been killed by the police. He said he had visited two of the townships and had been "totally shaken" by what he saw.

PARTY: *A 'Watershed Election' in South Africa's White Politics*

(Continued from page 1)

at the polls and for leading his party to win its mandate for real change in South Africa," the State Department said in a statement. "Apartheid must end."]

Mr. de Klerk said at a news conference Thursday that nearly three-quarters of the white voters had endorsed a change of direction that included seeking to negotiate the future with the black majority.

But he made it clear that the National Party did not intend to seek a coalition with the liberal Democrats, who have pressed for an even faster and more total repudiation of apartheid. The Conservative Party remained the official opposition in Parliament.

"We will move forward with confidence and with strength," Mr. de Klerk said. He added that the National Party's poor showing did not worry him and promised that the mandate for change given by the voters would be carried through "to its logical consequences."

Mr. de Klerk is expected to be formally sworn in as president Thursday, a day after the new Parliament convenes.

The continuing exclusion of blacks from the parliamentary elections prompted widespread protests ranging from nonviolent boycotts and strikes at work and school to sometimes violent confrontations with the police.

In the aftermath of the elections, the Conservative Party was widely perceived as a loser and the Democratic Party a winner, even though the Conservatives increased their lead over the Democrats. This was because expectations of Conservative gains had been greater.

The Conservative Party leader, Andries Treurnicht, acknowledged at a news conference in Pretoria that he had hoped for more seats but said he was content with the 17 additional seats won. He also pointed out that the Conservatives had broken out of the Transvaal, where their earlier 22 seats were located, into Cape Province and the Orange Free State.

The Democrats gained 12 seats, but, as Mr. de Klerk conceded Thursday morning, these had been captured at greater cost to the National Party.

The Democratic Party essentially took back the seats that its predecessor, the Progressive Federal Party, had lost in the last white parliamentary elections in 1987. It now controls a contiguous bloc of eight populous constituencies in downtown and suburban Johannesburg and made new gains in Natal and Cape Province. The Democratic victories were confined mostly to areas populated by English-speaking whites, although the party also picked up a modest number of younger, better-educated Afrikaners.

As a result of the election, in which some Afrikaners defected to the Democrats and far more supported the Conservatives, Pieter de Langer, the head of the Broederbond, the Afrikaner brotherhood, said the concept of Afrikaners as a monolithic electoral bloc had been proved obsolete.

AOUN: *Lebanese General Denies Making Threats Against U.S. Diplomats*

(Continued from page 1)

garo that "perhaps he should take 20 American hostages."

General Aoun reacted angrily to the charges. Speaking to correspondents of the foreign press, the general, who was trained in the United States, said, the report was "rumor, hearsay or something they imagined that I was going to threaten them."

"There is no reason for this," he said, "because our soldiers were protecting the embassy."

He said when the Americans had told him of their intention to pull out the diplomats, he sent word to the protesters outside the mission that if they interfered in any way in the evacuation "the army will hit you."

General Aoun, 53, issued an invitation to U.S. legislators to come to "liberated areas" in Lebanon to see the situation for themselves. He was alluding to the region under his control and outside the areas where Syrian troops are deployed. About 40,000 Syrian soldiers dominate two-thirds of Lebanon's area.

Before replying to questions, he read from a prepared text in English. Describing the protesters outside the embassy compound as "children," he said he wondered whether Ambassador McCarthy was "terrified of children."

Christian radio stations had put the number of demonstrators at 2,500, mostly students. They were led by Jibran Tueni, editor and publisher of a weekly magazine. The magazine is a subsidiary of the daily newspaper An Nahar, published by Jibran Tueni's father, Ghassan, who had been a cabinet minister and who was political adviser to former President Amin Gemayel.

Jibran Tueni is a supporter of General Aoun's drive, launched in March, to drive the Syrian Army out of Lebanese territory.

A hithero unknown group calling itself the Lebanese Republican Army has threatened to mount "direct attacks against the Americans" in East Beirut. A statement with the organization's signature was published in Al Anwar newspaper on Thursday, declaring support for General Aoun and describing the U.S. Embassy as "a nest of spies."

General Aoun said the statement by the State Department about the evacuation was "a calculated but crude personal attack on me." He said it was "perhaps an attack born of desperation rather than exasperation at the continuing Lebanese resistance and based at best on half-truths, hearsay and downright black propaganda."

He said he had no wish to enter what he called "the State Department's self-justifying slanging match." He declared that he had "a war to win and a country to recover" from the Syrians.

General Aoun appealed to the American people and their elected representatives "to ignore their State Department's policy" which, he said, "is carved in tablets of stone by Dr. Kissinger," a reference to Henry A. Kissinger, former U.S. secretary of state.

In previous remarks, the general joined other Christian leaders in talking about what they said was a scheme by Mr. Kissinger for partitioning Lebanon. They believe Mr. Kissinger, at the outbreak of the Lebanese civil war 14 years ago, offered to take the Christians out of Lebanon and send them to the United States so Palestinian refugees could be resettled in their place in Lebanon.

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6

DAILY NEWSPAPERS

AGEFI (F), CINCO DÍAS (E), L'AGEFI (CH), L'ÉCHO DE LA BOURSE (B), MERCATI FINANZIARI (I), LA TRIBUNE DE L'EXPANSION (F)

8

WEEKLIES

EUROPOLITIQUE (B), FINANCIAL WEEKLY (GB), LA LETTRE DE L'EXPANSION (F), LA LETTRE SUISSE (CH), MERCADO (E), MILANO FINANZA (I), RAPPORT (E), LA VIE FRANÇAISE (F)

4

PERIODICALS

BILAN (CH), L'ENTREPRISE (F), L'EXPANSION (F), HAUTE FINANCE (F)

400

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Azerbaijanis Hold Captive 3 Generals For 5 Hours

New York Times Service

MOSCOW — Three senior generals of the Soviet internal security forces were held hostage by a crowd of Azerbaijanis for five hours last week in the disputed Nagorno-Karabakh Autonomous Region, officials disclosed Thursday.

The generals, including the commander of all domestic troops for the Soviet Interior Ministry, were released in exchange for a promise to transfer two accused Azerbaijani snipers to an Azerbaijani prison, according to an official reached by telephone Thursday in the Nagorno-Karabakh capital, Stepanakert.

The episode, which has not been reported in the Soviet press, was an embarrassing sign of Moscow's tenuous control in the enclave, where officials describe the situation as verging on civil war.

Nagorno-Karabakh is a subdivision of Azerbaijan, but the 80 percent Armenian majority has been pressing for nearly two years to unite with neighboring Armenia. It is the longest-running of the many ethnic disputes now tearing at the unity of the Soviet Union.

In recent weeks hostilities have mounted, with new outbreaks of shootings and car-stonings in the territory. More than 4,500 internal troops are trying to keep the Armenians and Azerbaijanis apart, manning checkpoints along the roads, patrolling villages and escorting convoys bearing passengers and supplies through hostile territory.

Last week, the commander of internal troops, Colonel-General Yuri V. Shatalin, visited the area.

According to officials in the region, he traveled on Aug. 30 with the military commandant of Nagorno-Karabakh, Major General Vladislav F. Safonov, and a third general to the hilltop city of Shusha, an Azerbaijani stronghold, to meet with local government and Communist Party officials.

The encounter that ensued was first reported by Armenian nationalists and was confirmed Thursday by Vadim Byrkin, a spokesman for the special administrative committee created by Moscow in January to administer the contested region.

As the officers met with local officials in a Shusha cultural center, thousands of Azerbaijanis gathered outside the building.

Mr. Byrkin said about 100 of the protesters stormed inside, encircled the officers and refused to let them leave until they agreed to transfer two Azerbaijanis arrested the previous day for shooting from a hideout at an Armenian settlement.

"People surrounded them and refused to let them go," Mr. Byrkin said. "It was a very difficult situation. They agreed to the exchange."

— BILL KELLER

ASIAN TOPICS

Seoul Says Longevity Is Up and Births Off

South Koreans are living longer and having fewer children than ever before and by the year 2020 the country's population growth will be zero, The Associated Press reports from Seoul. The average life expectancy for a South Korean child born this year is 70.1 years, the Korea Institute for Population and Health said. Women can expect to live 73.3 years and men 66.9 years. Life expectancy for American newborns is about 75 years.

The institute estimated that the population would increase 0.97 percent in 1989, with growth slowing to zero in the year 2020 at a peak of 52 million people. The present population of South Korea is 42 million.

Today's average South Korean woman is expected to give birth to 1.6 children, compared with six children in 1960. The report said that 77 percent of married women between the ages of 15 and 44 use some form of birth control, up from 20 percent in 1966.

Around Asia

Papua New Guinea's hopes of ending a revolt on Bougainville have faded anew. Rebels blew up power pylons to the huge British-owned copper mine on the island, forcing it to close again. The mine had resumed operation Tuesday after a four-month shutdown caused by repeated sabotage attacks. But within hours, separatist militants fired on buses carrying mine workers home, a company spokesman said. No injuries were reported. At least 30 people have died in a 10-month-long campaign by landowners seeking to secede from Papua New Guinea. They also have demanded $10 billion compensation for environmental damage caused by the mine. Elsewhere in Papua New Guinea, the government declared a curfew in Lae, the country's second-largest city, following two days of rioting and looting against a background of political rivalries and suspension of the provincial government for mismanagement.

Scholars and universities around the world are setting up archives to collect pamphlets, posters and other items generated by the democracy movement in China last spring, The New York Times reports. At least seven U.S. universities, including Yale, Harvard, Columbia, and the University of Chicago, are participating. Scholars say the aim is to collect materials of historical significance and prevent the Chinese government from denying the uprising ever happened. Outside the United States, the University of Leiden in the Netherlands, the University of Toronto and Australian National University have joined in the effort.

Emigration "consultants," some legitimate and some not, have been springing up in Hong Kong, riding a trend toward exodus heightened by the June 4 massacre in Beijing. The colony is to be returned to China in 1997. Many consultants operate in "emigration sections" at law firms, as real estate agents, investment fund managers and even package-tour organizers. In the past 16 months, Hong Kong's Consumer Council has received about a dozen complaints against emigration middlemen who handle visa applications. "Some of the cases involved the agent making the customer pay a deposit when it was clear right from the beginning that the applicant would not be qualified," a council spokesman said. Other consultants have been accused of promoting questionable investment programs.

Pakistan has achieved major gains in malaria control. Only 57,000 cases were reported last year, compared with 10 million in 1973, Health Ministry officials said Thursday. But they warned that malaria was still prevalent in rural areas and urban slums and that the most dangerous form of the disease was becoming increasingly resistant to drugs.

Japan's huge Nippon Telegraph & Telephone Corp. has offered a million-yen (about $7,000) prize to any computer hacker who can beat its coded communications system within two years. A spokesman for NTT said, "We do not think anyone can decipher the system. We do not mean to provoke hackers but want them to point out defects, if any, in the system." The company's FEAL-8 system is designed to stop hackers from stealing information.

— Arthur Higbee

POLAND: *Solidarity Affirms Control in New Cabinet*

(Continued from page 1)

ministries were Interior, Defense, Foreign Trade and Transport.

Interior and Defense, which the Communists insisted on keeping as a condition of supporting Poland's radical political transformation, were retained by General Czeslaw Kiszczak at Interior and General Florian Siwicki at Defense. They have held the posts since 1981.

General Kiszczak, who was appointed prime minister last month but resigned after failing to form a government, also became deputy prime minister.

Solidarity's other ministerial posts were Education, Culture and Housing.

Education went to a former Warsaw University rector, Henryk Samsonowicz: Culture to a Poznan theater director, Izabella Cywinska, and Housing to Alexander Paszynski.

The Peasants' party received the Agriculture, Justice, Health and Ecology ministries.

The Democratic Party got the Domestic Trade Ministry, the Office for Technology with cabinet rank, and a communications ministry that has yet to be formed.

■ Walesa and Kohl Meet

Ferdinand Protzman of The New York Times reported from Bonn:

The Solidarity leader, Lech Walesa, urged West Germany on Thursday to be less cautious about investing in Poland, saying business should act quickly to back the democratization process there, which he called, "a really enormous step forward."

Mr. Walesa met Thursday with Chancellor Helmut Kohl and President Richard von Weizsäcker in Bonn and invited both men to visit Poland. But no concrete issues were discussed in the meetings, he said. Mr. Walesa's four-day visit to West Germany ends Friday.

West German political and business leaders have given Mr. Walesa a warm welcome, but have not promised immediate financial aid for Poland's heavily indebted economy.

Earlier Thursday, Mr. Walesa met with Heinz Galinski, the head of West Germany's Jewish community, who asked the Solidarity leader to mediate a dispute between the international Jewish community and Poland's Catholic hierarchy over a convent at the site of the Auschwitz death camp.

A group of Carmelite nuns moved into a building just outside of the camp to pray for the estimated four million victims, most of them Jews, who were murdered there. But Jewish groups say the convent intrudes on a site that should be left as a silent monument to the dead.

CARTEL: *Drug Extradition*

(Continued from page 1)

be clear that I am not a narcotics trafficker, nor do I have any connection to the Medellín cartel," he told Bogotá's Radio Caracol before being placed aboard the U.S. plane.

In 1987, the Colombian Supreme Court nullified an extradition accord with the United States. The last Colombian drug trafficker to be extradited, Carlos Lehder of the Medellín network, was sent early that year to the United States, where he is now serving a life prison sentence.

In related developments:

- Finance experts from the world's seven richest nations set September 18 for Paris talks on ways to end massive laundering of money by drug "cartels," Finance Minister Pierre Bérégovoy of France said Thursday.
- Senator Joseph R. Biden Jr., Democrat of Delaware and chairman of the Judiciary Committee, pledged Thursday to put the Bush anti-drug legislation "on a fast track."
- The U.S. Senate, forced to choose between retaining its members' mass-mailing privileges and approving aid for drug rehabilitation programs, voted Thursday, 83 to 8, for a Republican measure to give $45 million to help addicted pregnant women, mothers and infants.
- The Colombian justice minister, Monica de Greiff, a target of death threats from drug "cartel" leaders, left Washington on Thursday after a 13-day visit. A Colombian Embassy spokesman said that Mrs. de Greiff had left for "some place in the United States" and would return to Colombia in a couple of days. *(AP, Reuters, UPI)*

BALTIC: *Everyone Is Asking, What Will Moscow Do?*

(Continued from page 1)

himself becoming the leader of the minority party next year in his republic, he gave a hearty laugh and then said with a shrug, "Time will tell."

Later this year the Lithuanian Communist Party is to consider a proposal to reorganize itself as a distinct party largely — some Communists say fully — independent of Mr. Gorbachev's party.

A recent poll showed that 70 percent of the republic's Communists support such a move as the only route to political survival, but for the Politburo in Moscow it is surely a distressing prospect.

Another growing concern for Moscow is the resentment of the Russians who comprise a minority in the Baltic region.

Pilloried as occupiers and told that their careers may now depend on learning the local language, they have begun to fight back with protests of their own.

In many Baltic localities, mid-level Communist Party figures have exploited the anxieties of Russian workers to protect their positions.

The alliance of aggrieved Russians with conservative party apparatchiks, and their chosen tactic of economic guerrilla warfare in the form of strikes, compound Mr. Gorbachev's Baltic problem.

What will Moscow do?

The traditionalists in the Politburo, like Yegor K. Ligachev and Viktor M. Chebrikov, seem to believe the answer lies in a forceful assertion of party discipline. But the party is not the instrument it once was.

In the Baltic republics, Communists in droves have been transferring their loyalties, and the more the party tries to impose its will from the center, the more members will defect.

Mr. Gorbachev still has enough control over the Soviet parliament to apply legal pressure to the Baltic republics, but he cannot be sure how they will respond.

Another option is to try varying degrees of intimidation, and a trace of this is already in the air.

When the Lithuanian party leader says, as he did this week, that the threat of a military crackdown cannot be ruled out, he is not just acknowledging the obvious.

He is applying psychological pressure.

Leaders of Sajudis, the leading Lithuanian nationalist movement, asserted this week that the local branch of the KGB security police had begun paying close attention to its members, inquiring about the financing of its activities and compiling résumés of potential Sajudis candidates in the local elections.

"Personally I am prepared for deportations," said Algimantis Cekuolis, editor of the official Lithuanian weekly Gimtasis Krastas, or Native Land, a member of the Communist Party for 31 years and a Sajudis leader. "We all are."

But deploying troops to crush orderly, democratic movements would cost the Kremlin not only in world opinion but at home.

Mr. Gorbachev's preferred solution seems to be jawboning and political compromise, underscored by subtle reminders that reckless behavior could force a halt to the liberalization that let the Baltic movements flourish.

In the days since the Kremlin alarums began, the nationalists here have met with Lithuanian Communist leaders and agreed to postpone some of their political demands until things cool down.

Both sides have appealed for a halt to confrontational language.

This is a grudging reprieve, not a resolution.

"We are not retreating from our position one inch," said Arvydas Juozaitas, a Sajudis leader.

"It's just a time for political maneuvering."

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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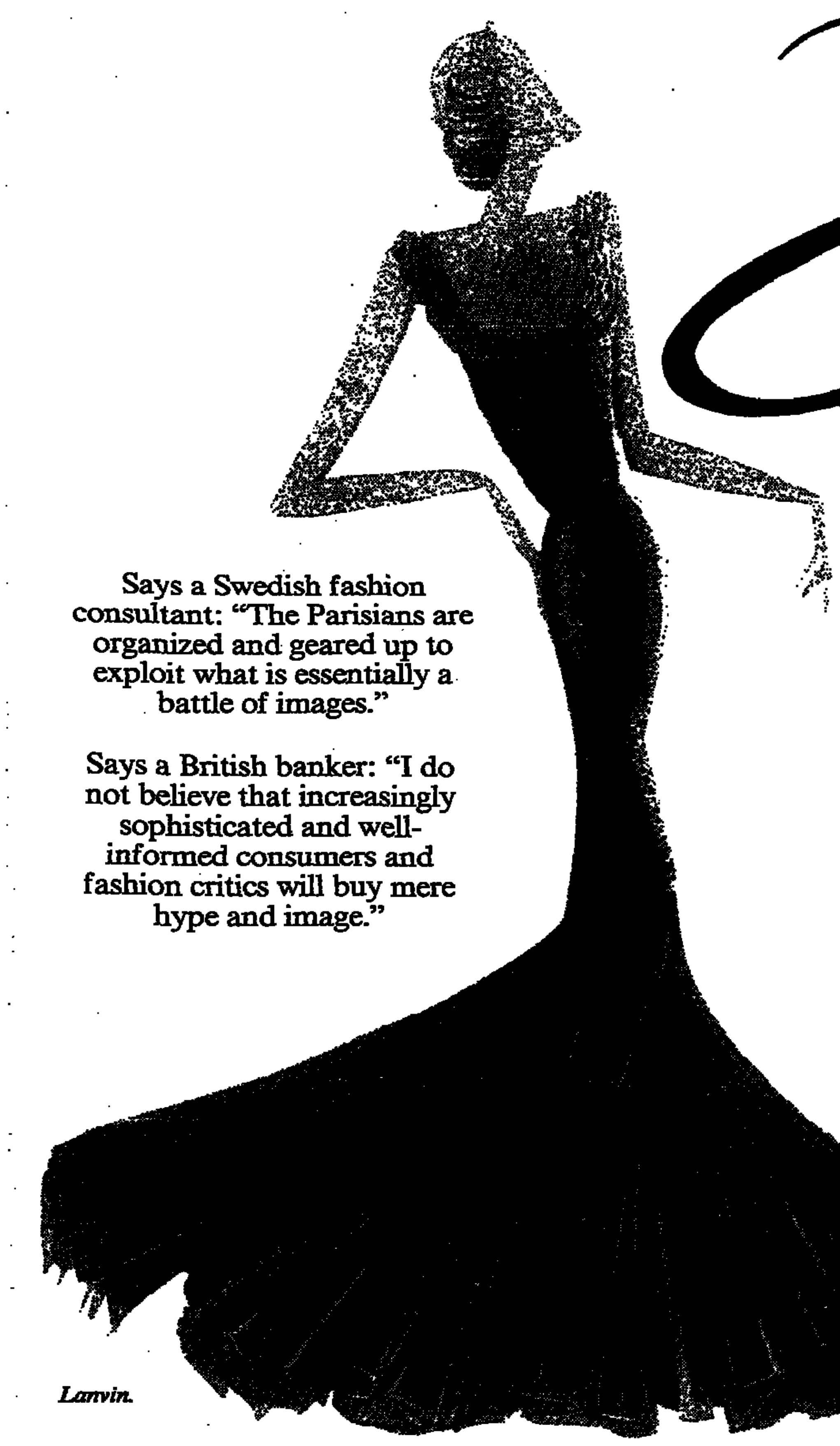
ADVERTISING SECTION

EUROPEAN *fashion* INDUSTRY



Lanvin.

Says a Swedish fashion consultant: "The Parisians are organized and geared up to exploit what is essentially a battle of images."

Says a British banker: "I do not believe that increasingly sophisticated and well-informed consumers and fashion critics will buy mere hype and image."

Into the '90s: Gearing Up for a Battle of Images

The fashion industry was essentially born of European culture but has grown into a world business. Fashion's top brand names are now represented in each of the world's major fashion capitals, and their lead designers have turned into world-class business tycoons.

The key markets for fashion remain Europe and the United States, but Japan is emerging as both a fashion design center and a potent consumer force.

Americans — with a relatively strong dollar and a current trend toward conspicuous consumption — are the top spenders, at least for haute couture (high fashion) outfits whose prices start at around $10,000. Americans picked up the tab for more than half of the estimated FF320 million (US$48 million) worth of haute couture clothes sold around the world last year, according to the Chambre Syndicale de la Couture Parisienne.

But the tiny haute couture market, dominated by the four major French houses — Saint Laurent, Dior, Chanel and Givenchy — is only the tip of the iceberg of world fashion sales in perfumes, prêt-à-porter (ready-to-wear) and fashion accessories bearing exclusive brand names.

The 1990s are expected to herald the restructuring of an industry that has been dominated by a few houses, each lacking both sufficient capital and the management resources necessary to exploit its potential effectively in the international marketplace.

Image — rather than style or design — may be the key to successful fashion sales in the coming decade. "There are too many designers chasing a finite number of customers in the world fashion industry today," says Cay Bond, a fashion consultant based in Stockholm. She adds: "Marketing, on a global scale, is the dynamic which will drive the industry in the next decade."

Ms. Bond points out that global marketing will require "injections of serious money" and will be managed by "highly professional people in what was once a cottage industry." She feels that Europe will emerge as not only the design center of world fashion but also the manufacturing base.

"People are even now rethinking their manufacturing in the wake of a single European market and phasing away from the Far East and back to Europe. It is in Europe that design, technology and innovation in fashion are highly evolved. Even Japan scored its design success in Europe," Ms. Bond says.

Distinct differences among European countries remain, however. Italy is in the forefront of manufacturing, having successfully geared its considerable technology to short-run fashion to keep in step with quick-changing trends — as demonstrated by such retailers as Benetton.

Germany is proving to be a formidable exporter ($3.7 billion in 1988) in large part because the industry has fine-tuned its technical and managerial skills. As Manfred Kronen, head of the Igedo fashion fairs in Düsseldorf, puts it: "The German fashion industry strives to produce the best quality at the best price."

British fashion manufacturers, meanwhile, are perceived as slaves to such street-fashion retail chains as Marks and Spencer and Burton Group, who control some 17 percent and 9 percent respectively of the total £11 billion (US$7 billion) annual U.K. clothing market sales. With so much of British manufacturing capacity taken up by the highly specific requirements of such chain stores, it is argued that there is no incentive on the part of manufacturers to invest in short-run innovative fashion.

According to Ms. Bond, the British have lost their edge in design. "For a couple of years the British were in. But now they are simply not very interesting. Holland and Belgium are the hothouses of exciting stylists and young emerging designers at present because they happen to have great design schools there." She stresses, however, that "Paris will remain the fashion mecca: fashion is in the French culture. The Parisians are organized to exploit the battle of images."

Leon Bressler, of Britain's Midland Bank, which has just taken over management control of the financially moribund Lanvin, disagrees: "I do not believe that increasingly sophisticated and well-informed consumers and fashion critics will buy mere hype and image. The competition will come down to products — that means the quality of design, marketing, distribution and service to customers."

Mr. Bressler insists: "1992 will not change these dynamics. As it is, any EC member can now effect cross-border acquisitions and mergers. This is a business where passion and people remain the keys. It is creative, not just about accounts. It is cultural, and the culture happens to be here in Europe — more specifically, here in France. The industry certainly needs more capital... but people are more important than money."

Peter Fressola, fashion director for Bloomingdale's department store in New York, agrees that France still calls the shots. "The French have a sense of fashion and style that is as true as ever, and French designers still lead the world with regard to silhouette and color."

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Italy: Top Quality Is Competitive

Behind the easy elegance of Italian clothes hums the increasingly sophisticated machinery of Italian fashion manufacturers and producers. Theirs is a story of evolution rather than revolution, of traditional methods combined with an avant-garde outlook.

Italian fashion is still produced largely at home, but many manufacturers have long penetrated foreign markets from Japan and Australia to the United States and Latin America.

Italian fashion makers and producers appear to be consolidating, with fewer but bigger concerns making and selling clothes on a global scale. "We must either take up the challenge of internationalization by increasing adaptability and conversion of our industrial systems or simply fall back on increasing our exports," says Marco Rivetti, chairman of GFT (Gruppo Finanziaria Tessile), Italy's second-largest clothes manufacturing concern. He adds: "We have chosen the former."

Italy still leads its competitors in clothing exports.

Like other manufacturers and producers — Marzotto, Pantrem, Benetton, Finmar — GFT has varied and cosmopolitan interests. The company deals in distribution, production and licensing interests for both men's and women's clothes, with more than half its turnover coming from abroad, chiefly North America and Europe. GFT manufactures in Bedford, Massachusetts, owns the U.S. Giorgio Armani Fashion Corporation and produces leading West German fashions. The company also produces for major French (Dior, Ungaro and Cardin) and Italian (Armani, Valentino) houses. Expansion plans for the Turin-based group include agreements in China, Japan, Spain and Eastern Europe. One developing agreement with Japan is an unprecedented joint-venture project with C. Itoh, a major clothes trading company, which will manage all GFT's future activities in Japan and in which GFT will hold a majority 60 percent share.

Most of the modern giants of fashion manufacturing look to the 1992 open market with some confidence. After all, most began their business as tiny family-owned enterprises. Marzotto, for instance, a European leader in textiles and clothes production led today by Pietro Marzotto, has been operated by five generations of the family.

The company has cornered the natural-fiber manufacturing market, consolidating it with the acquisition of the household linen producer Bassetti in 1985 and the wool manufacturing company Lanerossi in 1987. Marzotto began as a traditional cloth manufacturing concern, but now produces top-quality ready-to-wear fashions.

Like its peers in the big league, Marzotto appears undaunted by looming competition in the fashion world of the 1990s. Aurelio Arrigo of Marzotto's external relations office says that heavy competition is "foreseeable on the lower-scale markets, where technology and labor costs are more important than design, but high quality in fabric and design is less easy to copy."

Marzotto still maintains its production labs in Italy, but loans out its expertise to clothing manufacturers in the Soviet Union and Czechoslovakia. "We have also taught South Koreans how to work natural fibers. One can't prevent competition. For instance, GFT is one of our major clients for fabrics and a major competitor in the clothing market," Mr. Arrigo points out.

For Ermenegildo Zegna, one of Italy's major menswear producers and designers, expansion began in 1968 when the traditional cloth manufacturing company began producing men's suits, then casual wear, accessories and ties. Now Zegna is Italy's major tie producer, and men's clothes constitute 70 percent of its turnover (total turnover was $230 million in 1988, with a projected increase to around $380 million for 1989).

The Zegna group offers consistent high quality with a growing range of ancillary services. "Our clients, often traveling executives, can use our maintenance service — which remodels or repairs Zegna suits — in a growing number of large cities, use our secretarial and intepreting services, or, in the case of our Swiss outlet in Canton Ticino, simply have a suit custom made," says Giuliano Angeli, the company's public relations director. These and other projected services are available to holders of the new Zegna Idea card. Zegna "corners," or stores, will soon open in New York, Taiwan, Perth, Sydney, Tokyo, Singapore, Hong Kong, South Korea and Kuwait.

The meteoric Pantrem group began operations in 1972 and now produces fashions for teenagers, capitalizing on the jeans market. Pop 84 and Quarry jeans are the best-known brands of the group, which was founded by Remo and Tonino Perna. The brothers have added quality casual wear to their distribution networks — names like Versace and Trussardi jeans. Their production labs are dotted throughout the south of Italy, their home, but the company's growing turnover ($270 million in 1987, over $350 million in 1988) speaks of wider appeal. "Expansion is the philosophy," says Remo Perna, Pantrem's president. "Soon there will no longer be space for the small or medium clothes producer; you need big investments behind fashions that are now international products."

Italian fashion makers still lead the export market of the industrialized world with a trade surplus for the clothing industry in 1988 of almost 4 trillion lire (US$3 billion) and an export income of 5.7 trillion lire. They are slow, however, to expand their production abroad.

"As long as we can, we will keep our labs in the south of Italy, where we can keep an eye on quality products," says Remo Perna of Pantrem, but he acknowledges the future need to use the cheaper labor costs of the Far East.

Benetton already produces in the Far East, but considers the U.S. market of prime importance and has entered the New York stock market. The full range of Benetton products — the children's 012 line, Sisley, Jeans West — is now available in some 700 stores throughout the United States. In Japan, Benetton has just concluded a joint-venture agreement with Seibu, a major real estate, hotel and chain-store conglomerate, which will run Benetton's commercial interests in Japan, where Benetton products will be sold in 450 shops in 1990.

The future lies in Asia for most Italian clothes producers. "It's at present our most important selling point," says Mr. Angeli of Zegna. The company has been selling in Tokyo for 10 years.

"There's been an increase in sales to the Asian market, particularly Japan, of some 50 to 60 percent over the last two years," says Adriano Benevenuto, secretary general of the Italian apparel industries association. "In Europe we have to consolidate and defend our markets; in Asia we can still expand."

Despite growing imports from the Far East in low-cost clothing and the ever-growing presence on the international market of Eastern products, Italian fashion manufacturers are convinced that their higher quality products have a glowing future on the world market.

Janet Stobart

Zegna, a major Italian menswear producer and designer.

ITALIAN APPAREL INDUSTRY

	1985	1986	1987	1988
Annual Output	6.6	9.2	12.0	11.0
Exports	2.4	3.4	4.6	4.1
Imports	0.5	0.7	1.1	1.1

in billions of dollars — *Source: IAF.*

French Fashion in Vogue With High-Finance World

Though French garment manufacturers have not modernized as much as their Italian counterparts, and though French labor costs are not competitive with those of Southeast Asia, the French fashion industry remains a strong contender worldwide.

According to the Parisian High Fashion Syndicate, in 1988, the overall activities of French haute couture and ready-to-wear designers yielded a direct turnover of 4.6 billion francs ($690 million), with exports representing 65 percent of the total. The induced turnover, which includes the products under signature by subsidiary companies and licensees, reached more than 20 billion francs. The overall annual turnover of the French garment industry, which employs 186,000 people, was 60 billion francs in 1988, with a negative balance of trade (17 billion francs in imports, 12 billion francs in exports).

French exports of garments have maintained the head start they posted at the beginning of the year. During the first five months of 1989, sales of garments abroad increased by 20 percent over the same period in 1988.

Comparing men's and women's fashion reveals much the same story. According to the Fédération Française du Prêt-à-Porter Féminin, women's ready-to-wear through May registered a 4.5 percent increase in sales. First-semester exports reached 8.3 billion francs, an increase of 17.5 percent over the previous year.

In 1988 the French menswear industry, which employs 72,300 people, recorded a 19.5 billion franc turnover. But, despite a steep 60.8 percent increase in sales to Japan, the country remained a net importer of men's garments. So far this year, the industry has not only recaptured some of its home market (with a 4 percent increase in sales) but also continued to make inroads into key European export markets, such as Belgium, Germany, Italy and Britain, as well as the U.S.

Clearly, keeping abreast of French fashion today entails turning to the business pages practically as often as to the style section.

High finance mingled with high fashion last week when Balmain was bought by Alain Chevalier, a move seen by some as a brilliant comeback for the former president of LVMH. "It's a business with enormous potential," said Mr. Chevalier just after the buy-back was announced, "which allows a wide and diversified development." In addition to three boutiques in Paris, and a dozen franchises around the world, Balmain operates 125 manufacturing licenses, which account for more than 60 percent of couture turnover.

Corporate strategies must be custom-made in this high-stake game. "We have taken the necessary precautions so that Hermès does not follow the same course as Vuitton," says Jean-Louis Dumas, president of Hermès, which has just been turned into a *SARL en commandite* (a trustee-like system). "Thus, when the time comes, we can benefit from the positive sides of the financial game without becoming one of its victims." Hermès may be quoted on the French stock exchange within three or four years.

Pierre Bergé, chairman of Yves Saint Laurent, has already made the leap of going public. When Yves Saint Laurent stock was quoted on the French Bourse in July, there were 103 million requests and only 400,000 shares offered.

Mary Deschamps

FRENCH APPAREL INDUSTRY

	1985	1986	1987	1988
Annual Output	7.1	9.0	11.0	10.0
Exports	1.5	1.8	2.1	2.0
Imports	1.5	2.1	2.9	2.8

in billions of dollars — *Source: IAF.*

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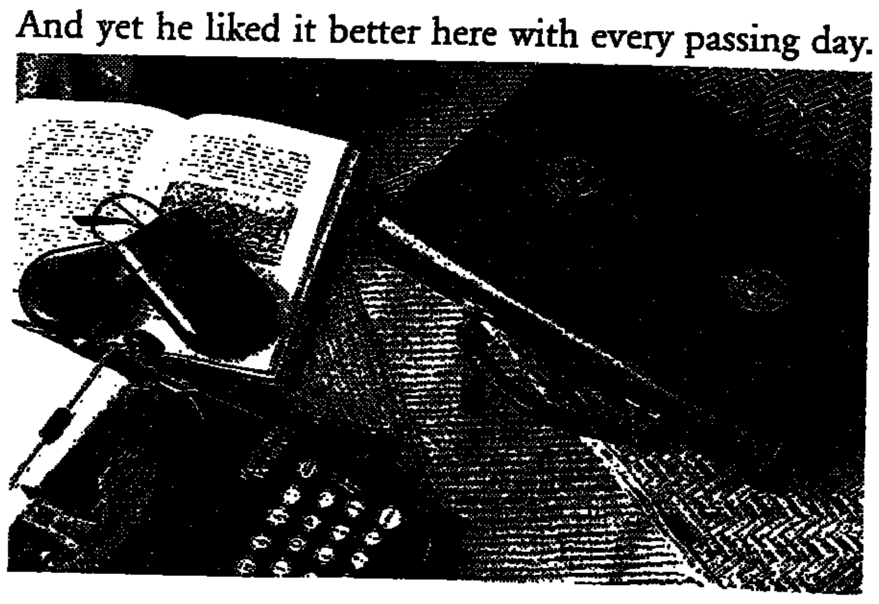

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Mondi's Fall '89 women's line: blouses and sweaters with abstract flower designs worn with long jackets and trousers or skirts.

German Firms Aim for New Markets

Mounting exports are helping to maintain the strength of the German apparel industry, which ranks first in sales among Europe's fashion-producing nations and is ensuring that it retains this position by capitalizing on its strengths.

The year got off to an auspicious start, with turnover in Germany's women's wear manufacturing sector rising 3.8 percent in the first half of 1989 to reach 5.7 billion DM ($2.92 billion). Exports surged 20 percent between January and April 1989, generating 1.7 billion DM, and industry analysts predict the upward trend will continue.

In the first four months of 1989, German exports rose in "all the important export markets," says Roman Schubert, director of the German Women's Apparel Association. Particularly impressive gains were posted in countries where German marketing had been stepped up: Spain (up 51 percent), Italy (up 51 percent) and Japan (up 99 percent). Actual sales figures in some of these markets remain quite small, however, compared to Germany's exports to long-established trading partners such as the Netherlands, Switzerland and Austria.

In 1988, Germany was number two in Europe with US$3.677 billion in export sales, according to the International Apparel Federation. Now, Mr. Schubert points out, Germany's efforts — and German fashion — are becoming more international. Bernd Mehler, marketing manager for Betty Barclay in Nussloch/Heidelberg, concurs. "We have always tried to meet the needs of separate countries by adding products, but now it's the overall emphasis," he says.

As German manufacturers brace for the 1990s, stronger brand identity is becoming essential. Escada and Mondi have pointed the way through their capital-intensive advertising and marketing efforts, with brand awareness further boosted by an international network of high-profile shops; there are currently about 60 Escada boutiques and shops-within-shops worldwide, and the Mondi total is up to 300.

Style and quality are the hallmarks of Goldpfeil, an established brand name for 60 years, that now produces two or three fashion collections each season in addition to its established lines of classical, handcrafted leather goods. While worldwide advertising and distribution has secured the company a strong position in key markets such as the United States and Japan, Goldpfeil's own shops in Germany and Paris continue to attract European trendsetters.

Other German manufacturers are now following suit. Betty Barclay, which opened its first German shops less than two years ago, expects to be operating 50 retail outlets by next year. The company has used direct mailing as an effective marketing tool in Germany and plans to extend the practice to the United Kingdom.

But the withdrawal of borders within the EC after 1992 will "guarantee a flooding of garments from third world countries too, and prices will come down," according to Ingo Rössler, divisional marketing manager for Etienne Aigner, Munich.

Hermann Fuchslocher, a marketing analyst speaking at a recent Berlin symposium on post-1992 Europe, stressed the need for German individuality and creativity to meet this challenge. "Europe," he warned, is "not a mass market, where fashion is a mass uniform. The big companies are doing more and more, but even they can't sell everything under one roof."

Melissa Drier

GERMAN APPAREL INDUSTRY

	1985	1986	1987	1988
Annual Output	8.9	11.8	14.5	13.1
Exports	2.3	3.2	3.8	3.7
Imports	4.6	6.3	8.6	8.1

In billions of dollars *Source: IAF.*

KL by Karl Lagerfeld.

Market Slump Provokes New Strategies by British Designers

Soaring mortgage rates, in a country where young consumers are more likely to own their own homes than anywhere else in Europe, have hit U.K. fashion sales harder than most other consumer sectors. And as rents on retail space also escalate, fashion stores are doubly squeezed.

A sign of the times has been the fall from grace of various major figures on the U.K. fashion retailing scene.

George Davies, the forceful entrepreneur who established Next — the most successful and prolific of fashion chains of the mid-'80s — came under fire when the Chancellor of the Exchequer began to put the brakes on the credit boom, and on December 9 last year he was ousted by his board of directors.

In July, Jeff Banks, the founder-designer-retailer behind the peppy young women's wear chain Warehouse, found himself put out in the cold by the directors of Sears, who acquired the chain after a series of takeovers. Then Clare Stubbs, Harrod's fashion director, was let go after the store had a poor season.

The removal of these executives can now be seen as signs of a trend. Sales appear to be doing badly across the market, from Terence Conran's Storehouse Group to Sophie Mirman's formerly highly successful Sock Shop.

As value for money becomes more than ever a chief consideration, wacky young London ideas are increasingly out of favor. Well-made British classics, however, continue to be highly marketable. The problem is competing with the lower prices and high quality of clothes made in Italy and Germany.

Many U.K. designers have found a way around the dilemma by having their clothes made in Italy — they feel that British manufacturing cannot compete. But even that route is no longer easy. The downturn in the demand for designer merchandise has meant that Italian industrialists hesitate to pick up little-known designer lines.

Other British designers are beginning to produce diffusion lines. Alistair Blair now offers Blairwear, Paul Smith has a new sportswear line, Katharine Hamnett has launched Hamnett II, and next spring Bruce Oldfield will unveil his new diffusion collection. Yet only Mr. Oldfield's line will be produced in Britain; Mr. Blair's and Ms. Hamnett's come out of Italy, and Mr. Smith's is made in Hong Kong.

Meanwhile, anxious eyes in the British fashion industry will be focused on Ms. Hamnett's women's wear show in Paris in October. She has offended the British Fashion Council by pulling out of the London collections, but some feel that with London performing weakly as a fashion capital, this is a time when every designer must look out for herself. Others see the move to showing and selling in Paris as a growing inevitability in the single European market.

Sarah Mower

U.K. APPAREL INDUSTRY

	1985	1986	1987	1988
Annual Output	5.6	6.3	8.4	8.5
Exports	1.1	1.2	2.7	2.5
Imports	2.4	2.5	5.2	5.6

In billions of dollars *Source: IAF.*

Katharine Hamnett.

The Lure of Designer Labels

Megabrands have proved highly fashionable in the world of high finance. For shrewd investors they represent high returns at little risk.

"Yves Saint Laurent, Dior and Chanel — these houses will not perish over the next 50 years, but you cannot say that of all the fashion houses in the world market," says Dominique Daniel, finance director of Cerus, the Paris-based investment vehicle controlled by Italian financier Carlo de Benedetti.

Cerus made a $32 million profit on its two-year investment in 49 percent of the shares in Compagnie Financière Yves Saint Laurent, the master company of the French couturier. Cerus cashed in all but 15 percent of its Yves Saint Laurent shares when the fashion house went public in July with a $500-million-plus price tag in a share issue that was 27 times oversubscribed.

Fashion — or style — has become an international commodity, and has excited industrialists and financiers with its business potential. Carlo de Benedetti was one of the first to make huge investments in fashion; Bernard Arnault, the young financier who controls LVMH Louis Vuitton Moët Hennessy, seems to have become de Benedetti's French counterpart. Christian Dior — soon to be revamped by Italian designer Gianni Versace — and Christian Lacroix are controlled by Mr. Arnault's Financière Agache empire, while Givenchy was recently bought by LVMH.

Only Chanel, among the fashion majors, is still privately owned, by the Wertheimer family. American houses such as Ralph Lauren and Calvin Klein, both based in New York, are well established as megabusinesses. Lauren's turnover rose from $168 million in 1981 to a current level of more than $1.5 billion.

But such relative newcomers in fashion do not have the proven long-term performance record of established European houses such as Dior, Chanel and Lanvin.

Guido Brignoni, a director of the Milan-based IN Capital, the mergers and acquisitions arm of the private financial services empire of the Benetton family, says, "I would rather invest in Saint Laurent, Dior or Chanel than in an American house or even in one of our youn-

Continued on Page 10

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German Fairs Geared To Marketing Needs

Germany's fashion fairs are taking on increasing importance for the industry. The accelerated retail cycle, with retailers demanding fresh fashion ranges at ever shorter intervals, has resulted in a piggyback schedule of pre-, high-, and post-season shows.

The Igedo Internationale Modemesse in Düsseldorf, a privately owned trade show organization, now features eight editions yearly. The first, Collections Premieren Düsseldorf (CPD), starts off the season with the earliest offerings from an international assortment of women's ready-to-wear manufacturers. Igedo, the main women's apparel fair twinned with Igedo Dessous for lingerie and underwear, takes place on Sept. 10-13 at the fairgrounds in Düsseldorf. With 3,000 exhibitors, it is the largest event of its kind. Participants from Germany will include Angelica P./Hammer Röcke, Blacky Dress, Frank Henke, Joseph Janard, Miss Britt, Time Collection, Klaus Thierschmidt, and Chillytime/Cheer/Mayon. Mondi and Escada will be represented at their permanent showrooms in the nearby Düsseldorf Fashion house 2. Igedo 2, a much smaller show slated for Oct. 22-24, was created to address the bridal, cocktail and eveningwear market, and Igedo/Kronen AG's latest venture, Fashion Promotions Düsseldorf, caps off the year on Dec. 5-7.

Fashion Promotions Düsseldorf is geared toward large operations such as big chain stores and is designed not only to spotlight pre-season orders but also to encourage intensive dialogue within the industry.

Munich, whose new airport (opening in 1992) should draw increased business to the city, hosts Fashion Stari and Mode Woche, the latter running Oct. 1-4. The three leading names in the German apparel field — Steilmann (represented by the KL by Karl Lagerfeld collection), Escada (with Laurel and Crisca) and Mondi — will share the stage opening night with a fashion show representing the best of these collections. Mode Woche now draws its major share of buyers from southern Germany, Switzerland and Austria, but with an important shift to earlier dates for the 1990 winter season, which takes the Munich fair off a collision course with the Paris shows, the fair management, headed by Karl-Dieter Demisch, expects Mode Woche to expand its select clientele.

Berlin, where German fashion originated, is the setting for a biseasonal round of small fashion fairs designed to underscore Berlin's role as a platform for new ideas as well as provide a convenient marketplace for local retailers. The Berlin Durchreise runs Sept. 15-17, with Berlin Ordertage on Sept. 17-18. The Berliner Mode-Messe also organizes presentations of Berlin designers in outside markets, with a showing in Madrid in late September and in Italy for the next fall season.

Melissa Drier

Escada, a leading name in German fashion.

Mary Deschamps is a fashion writer based in Paris.
Melissa Drier is a free-lance writer based in Berlin.
Sarah Mower is a writer for British Vogue.
Stella Shamoon is the foreign business editor of The Observer newspaper in London.
Janet Stobart is a free-lance writer based in Rome.

Global Production Strategy Seen as Key to Survival

As pressures from low-price imports continue to mount, Europe's apparel manufacturers are facing a survival-of-the-fittest scenario. From 1985 to 1988, EC apparel production shrank by 8.1 percent.

Strategies differ according to country and apparel sector, but the ability to invest in the latest quick-response technology, a more aggressive and global marketing approach, and a heightened commitment to fashion and creativity are seen to be necessary for successful performance in the 1990s.

A fourth factor — outward processing, or the manufacturing of garments in low-wage countries — provides a crucial price balance for many European producers. Half of Germany's production involves outward processing, according to Helmut Hopp, the designated speaker for foreign affairs for the German apparel industry. He also notes that French manufacturers are shifting a larger share of their production to outside sources, as are some Italian manufacturers, though Italy is itself favored by other European apparel makers as a valuable site for outside contracting.

European countries such as Portugal (where production increased by 10 percent in 1988), Greece and Spain have benefited most from these shifting production trends. Outward processing activity in the East bloc, Turkey, the Far East (most notably Taiwan) and China is also keeping apace, though in the last analysis, outward processing is a truly multinational phenomenon, with manufacturing spread out almost worldwide.

Major European manufacturers contend, however, that some portion of their production must remain on a domestic basis in order to meet the rapidly shifting fashion demands of the market as well as maintain quality standards. Klaus Steilmann, head of the Klaus Steilmann Group in Bochum-Wattenscheid, Europe's second largest apparel producer, has made considerable use of foreign sourcing. Nonetheless, Mr. Steilmann has long maintained that European producers have, in their geographical proximity to their customers, a key advantage over their Asian competitors. Europeans can react more quickly to styling changes, he points out, as well as offer new fashion fabrics not available from low-cost overseas producers.

J.B. Devernois, president of Devernois, Paris, a mid-size women's-wear company that currently produces about 15 percent of its collection in Portugal, says: "A goal of 30 percent in outside production in five years is not unbelievable." However, he adds: "To create an image and to be a real brand name, you have to protect quality."

Mr. Hopp, who also serves as the general delegate for the International Apparel Federation (IAF), forecasts: "Europe will remain the center of creativity for the development of design, as well as the center of cutting and marketing." But its apparel makers, he suggests, "will be producing practically all over the world."

Although employment in the European apparel industry continues to decline, productivity has, in some instances, gone up, as in Great Britain, which showed a 5 percent increase in output for 1988, according to the British Apparel Institute. One problem facing the industry is a demographic shortage of workers, according to A.J.W. Lewis, president of the European Association of Clothing Industry (AEIH). "We are competing with all other industries, and it's a question of attracting the work force."

The number of companies in operation will also decline. Mr. Lewis feels. "Those who have not invested will go out of business. And many others will regroup, through consolidations and mergers," he predicts.

The new General Agreement on Tariffs and Trade (GATT) round of multilateral trade negotiations, especially as it concerns the protectionist Multi-Fiber Arrangement (MFA) due to expire in 1991, could greatly affect the European apparel industry. "The important thing is fair trade," Mr. Lewis comments. "The majority of Europeans are realistic, and realize that whether they like it or not, a free market is the best market."

Melissa Drier

FASHION FOR THE MILLIONS BUT NOT FOR MILLIONAIRES.

The Steilmann Group is, with total sales of over 1,370 billion DM in 1988, the largest manufacturer in the European clothing industry.

In 1988 over 24 million garments were produced worldwide in over 200 factories, including 44 company-owned factories and 40 factories working under contract in the Federal Republic of Germany, a further 90 factories in Europe and 35 factories in Asia.

The company's own factories currently have a work force of 7,838 employees including 894 apprentices.

In 1988 55% of all garments were produced in Germany and Austria, permitting fast and flexible response to new market trends.

31 percent of production was contracted out to factories in other European countries and only 14 percent was produced by manufacturers in other countries.

Besides the German market, the company is present in practically all the West European markets such as Austria, Belgium, Denmark, France, Finland, Great Britain, Greece, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and Switzerland. Steilmann garments are also exported to Canada and the USA. The export share was 48% in 1988.

The sales trend and the turnover for the first half of 1989 indicate that the company will continue to grow in its 31st year. The management expects the company to maintain its leading position in the European ladies' outerwear industry. Their development in the ladies' fashion market, which is so dependent on purchasing power, can be attributed to a combination of highly fashionable products, cost-conscious and rationalized production and a high degree of flexibility in product development to meet the widely varying needs of the different sectors of the trade.

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Designer Labels

Continued from Page 9

ger Italian designers, such as Versace. The classic Paris houses have griffes which have survived World War II, and they are in a class of their own. Saint Laurent is still relatively young: it is an investment in the future. But the world market in high fashion is very small, and concentrated in the hands of a few major players."

Takeover bids for businesses with internationally established brands in consumer products have fueled stock markets on Wall Street and in London in recent years. This has served to heighten the perception that the magic names sewn into the $10,000-plus garments lovingly stitched by hand in Paris couture houses are, as they say on Wall Street, bankable.

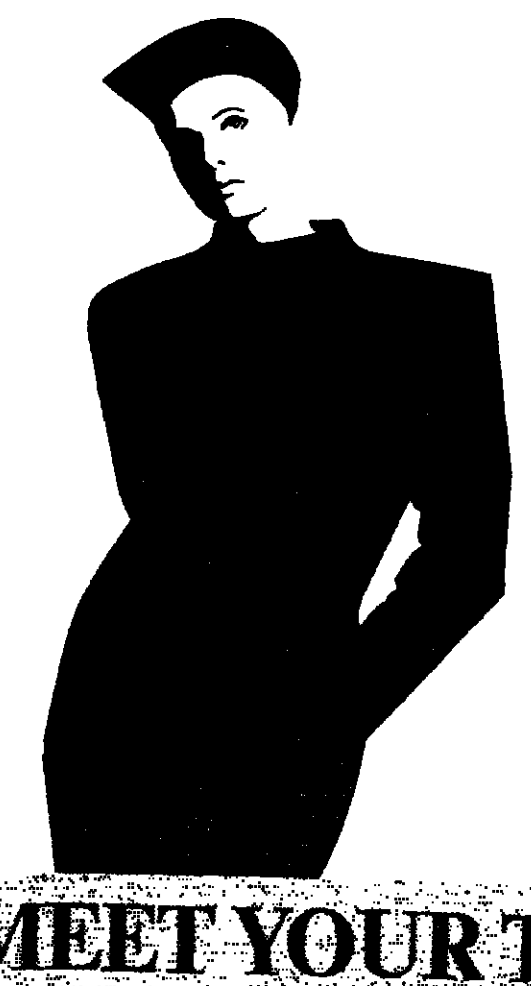
Midland Bank, a clearing bank not given to flights of fancy in its investment policies, recently paid an undisclosed sum for 40 percent of Lanvin, one of Paris' oldest couture houses. Lanvin was in the red, but is well positioned to make a comeback. Leon Bressler of Midland Bank, who is about to announce the appointment of a new lead designer at Lanvin to create the January collection, expects Lanvin to be in the black next year.

Midland has an option to acquire control, although the Lanvin family would in that event still retain an import minority stake. Mr. Bressler says, "As a financier, I see this as a typical turnaround situation. A family-owned company, with intrinsic value, real estate assets and a top world brand, was in financial difficulty. We could restructure it and hopefully make some money."

Meanwhile, during the two years that Cerus held the 49 percent in Yves Saint Laurent, the fashion house's turnover went up from FF300 million ($46 million) in 1986 to FF2.5 billion last year. This quantum leap was achieved via Saint Laurent's purchase in 1986 of Parfums Saint Laurent from Charles of the Ritz for $631 million — a deal made possible by the financial clout of Cerus.

The competition is going to get tough for the private, family-controlled niche players such as France's Hermès or Italy's Ferragamo. Both these companies face the financial muscle of their recapitalized competitors, and whether they will be able to expand worldwide without diluting their family holdings remains to be seen.

Stella Shamoon



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Photos by Peter Dax

Berbers set up tents to show wares and livestock, and brides meet grooms at the fair in Imilchil, Morocco.

DAONBHAILE GH
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Photos by Mark Maxwell

Two American students practice their Gaelic in Glencolumbkille, a town that lies amid the jagged cliffs and headlands of Donegal.

A Berber Fair in the High Atlas

by Peter Dax

IMILCHIL, Morocco — Every year in a remote valley deep in the Atlas Mountains, Berbers of the Ait Hadiddou tribe gather at a *moussem*, the equivalent in Morocco of a country fair. There, they sell sheep, goats, mules or camels, and buy shovels, plastic buckets, tea, sugar and other supplies to support their existence in the mountains for another year.

Many tribesmen also take this opportunity to look for a new mate, either a first or a replacement. This is carried out on a big scale: Divorce is common and the average person may have eight spouses. The gathering is known as the Moussem des Fiançailles or, loosely translated, the Brides' Fair.

The moussem lasts only three days, in which one must make and seal a match. Men and women roam the vast fairground in small groups of twos or threes, meet, chat, hold hands, look into each other's eyes and maybe decide that this is it. In which case, the couple will spend the remaining time wandering round hand in hand and usually looking very pleased with themselves. Or, one side or the other will snatch a hand away and walk off to search further.

To help in the process — for there is a huge crowd intent on other business — tribesmen seeking a bride wear a white turban. Prospective brides wear all their jewelry of silver and amber. Some are veiled, but most dispense with this and show off their beauty, enhanced with rouge for their cheeks and kohl for their eyes. They wear a rounded spangled headdress if they have never been

Searching for a new mate is only one feature of the fair. The main purpose of such a large gathering of the widely dispersed tribesmen is trade.

married before, or a pointed one if they are divorced or widowed.

Searching for a new mate is only one feature of the fair. The main purpose of such a large gathering of the widely dispersed tribesmen is trade. Merchants come to buy the sheep, goats and such and in turn sell the supplies that the Berbers need. The huge encampment of tents is organized into separate small souks: There is an area for the sellers of carpets, another one for such hardware as pots and pans. Animals are bought and sold in satellite souks around the main encampment, each species having its own area. There is even a gambling section where all the universally known games, such as the shell game, serve to part the Berber from his hard-earned cash, dirham by dirham.

On the last day of the moussem, the newly joined couples celebrate with traditional songs and dances, swaying and chanting to the beat of hand drums and the shrill sound of pipes. An official drives in from outside to register the new arrangements and to try to weed out the 12-year-old girls pretending to be 18. Then the husbands and wives depart on their donkeys for their villages — perhaps to return and try again next year.

All this takes place in September (this year, Sept. 15 to 17), near the village of Imilchil, about in the middle of the High Atlas range. This region, where peaks rise to nearly 14,000 feet (4,250 meters), is Berber country, the home of Morocco's first inhabitants, who lived here before the Arab invasions of the seventh and eighth centuries. In spite of attempts at assimilation by their conquerors, the Berbers have remained a

Continued on page 13

Living a Language in Donegal

by Zane Berzins

GLENCOLUMBKILLE, Ireland — The Gaeltacht, or Irish-speaking district of Ireland, exists as a scattered fringe around the country's perimeter, with small concentrations of native Irish-speakers found only in the most remote areas — in the Dingle Peninsula of Kerry, on the Aran Islands off Galway, and in Donegal, that most northern and distant county of the Irish Republic.

Just what prompted me to devote a week — almost 50 rigorous hours of class time — to the study of the Irish language at the Oideas Gael summer school in Glencolumbkille, Donegal, I cannot fully explain.

The decision definitely bordered on the eccentric, I told myself, even as I sent in my deposit of 60 punt, (about $80). I certainly wasn't going, as so many Irish-Americans do, to search for my family roots — these lay in a wholly different corner of Europe, in Latvia.

It's true, of course, that both Latvian, which I speak fluently, and Irish, of which I now have a rudimentary knowledge, are tiny minority languages.

These days linguistic nationalism is a fierce issue in Riga, Latvia's capital, where the people worry that their language is being engulfed by the great Russian tide. The situation is different in Ireland, where the ascendancy of English is taken for granted, and 65 years of government policies notwithstanding, linguistic fervor on behalf of the Irish language is considered quixotic.

The people who run Oideas Gael are among that small dedicated band of Irishmen and women who are committed to preserving the language. The program, now in its sixth year, has two guiding spirits: Joe Watson and Liam Cunningham. Cunningham is an ebullient Donegal native who is employed as a teacher of Irish in a Dublin inner-city school. Watson is a linguist who teaches at University College, Dublin, and has recently contributed an essay to a book investigating "language death." There are

Classes were held in the one-story village schoolhouse seven hours a day, six-and-a-half days a week, Sunday mornings being set aside for church.

some 5,000 "minority languages" worldwide, Watson told us; language death is the phenomenon of their gradual extinction.

"We want you to avoid the use of English altogether," Watson said, on our first day. "You understand that the Gaeltacht is falling apart, and we are one of the few strands trying to keep it together."

This injunction to talk Irish at all times was easier for some of us than for others. During my week at Oideas Gael, some 50 students were divided into three fairly equal groups: beginners, intermediate and advanced. Classes were held in the one-story village schoolhouse seven hours a day, six-and-a-half days a week, Sunday mornings being set aside for church.

It was common to hear sheep bleating as we greeted each other several times a day with the words *Dia duit*, (God be with you), the standard Irish hello.

Glencolumbkille (Ghleann Cholm Cille in Gaelic) lies in the part of Ireland where the sheep wander freely down the main street and have undisputed right of way over automobiles, and one rainy morning I spotted three soggy, pious ones trying to squeeze into the half-open door of the village church.

Instruction at the elementary level was wholly devoted to speaking and pronunciation; no grammar was taught. Our lessons were aural, vocal and rhythmic. Each class began with a pronunciation drill performed in unison. With the aid of a fairly primitive slide projector we were then introduced to Sean and Marie — the Dick and Jane of Irish country life. We learned, in Irish — and always in the present tense — who they were, where they lived and what they did.

By the end of the week we had built up a small but useful vocabulary of everyday nouns: cups and saucers, bread and butter, tea and whiskey. We could distinguish windows from doors, day from night and dogs from cats. We knew whether Sean was running, swimming, dancing or thinking. We were at least theoretically able to ask a shopkeeper for a pound of flour or a pack of matches. We could tell time and count to 20.

When classes broke, those of us who had

Continued on page 12

TRAVELER'S CHOICE

Aeroflot Joining Airline Club

■ An application by Aeroflot for membership in the 187-member International Air Transport Association is expected to be granted as soon as formalities have been completed, probably before the IATA's annual meeting in Warsaw at the end of October. IATA is the trade association that represents most of the world's scheduled airlines. Membership will help Aeroflot's efforts to work with tour operators sending a growing number of visitors to the Soviet Union and will allow ticketing agreements between Aeroflot and other member airlines.

Japanese Hotels as Cheap As $26 a Night

■ Travelers scared by horror stories of outrageous prices in Japan can now consult a list of hotels used by Japanese business people whose rates range from $26 to $112. The Japan National Tourist Organization, concerned about the country's expensive image, began circulating the Business *Hotel Guide. Another* booklet, New Sites of Discovery, lists 36 recommended places of interest for travelers, among which are Aizuwakamatsu, with its castle and samurai residences on Hokkaido, and, on Kyushu, Kumamoto, where there are three castles near Mount Aso's active volcanic craters. Hotels in both places are included in the business guide.

Preparing for Columbus's Anniversary

■ The seaside city of Ponce, Puerto Rico, has begun sprucing up its old houses and is turning its downtown area into a historic district. The clean-up is in preparation for 1992, the 500th anniversary of Christopher Columbus's landing in the New World. The Puerto Rican government has given Ponce $440 million to renovate some 1,000 buildings ranging in style from the Spanish neoclassicism known in Puerto Rico as Ponce Creole to Art Deco. More than 200 buildings have already been cleaned; electrical and telephone cables have been buried underground and replicas of 19th-century gaslamps installed. The sidewalks *are being refinished with a border of* locally *mined* pink marble. Other renovations will convert several mansions into museums. Ponce will have two new hotels to house the expected influx of visitors. The 122-room Days Inn Ponce Resort is due to open in September. A 150-room Hilton resort is being built on La Guancha Beach, but the opening date has yet to be set.

Luxury Chicago-Washington Train Service

■ Regularly-scheduled luxury train service makes a comeback in the United States when American-European Express Inc. inaugurates overnight service between Chicago and Washington, D.C. The trains will operate in conjunction with the famed Nostalgie Istanbul Orient Express, based in Zurich.

Seville's Flamenco Popular in Madrid

■ Sevillanas, a graceful form of flamenco hailing from Seville, has invaded Madrid. Sevillanas bars, often called *salas rocieras,* referring to the type of sevillana danced in the village of El Rocio, have sprung up all over the city and range from small bars and sawdust dance areas, to restaurants-cum-nightclubs where fashionable Madrileños go to see and be seen. The best dancing is often to be found at the former, though the latter may have the advantage of live music. Sevillanas can be danced by anyone, male, female, young or old. At least two people, facing one another, are required, though a sevillana is often performed in long rows (usually of women). Sevillanas bars don't normally get going till after midnight and stay open late. The traditional drink is fino, or dry sherry, the traditional food a mixed selection of lightly fried fish — *pescaditos fritos.* Among currently popular sevillanas spots are: El Porton, 25 Calle Lopez de Hoyos (262-4956); Al Andalus, 19 Calle Capitan Haya (556-1439); La Caseta, 13 Calle General Castanos (419-0343), and La Maestranza, 16 Calle Maurice Legendre (315-9050 and 733-9793). Admission includes the price of the first drink, which averages $20 to $25. Many sevillanas bars, however, do not charge admission.

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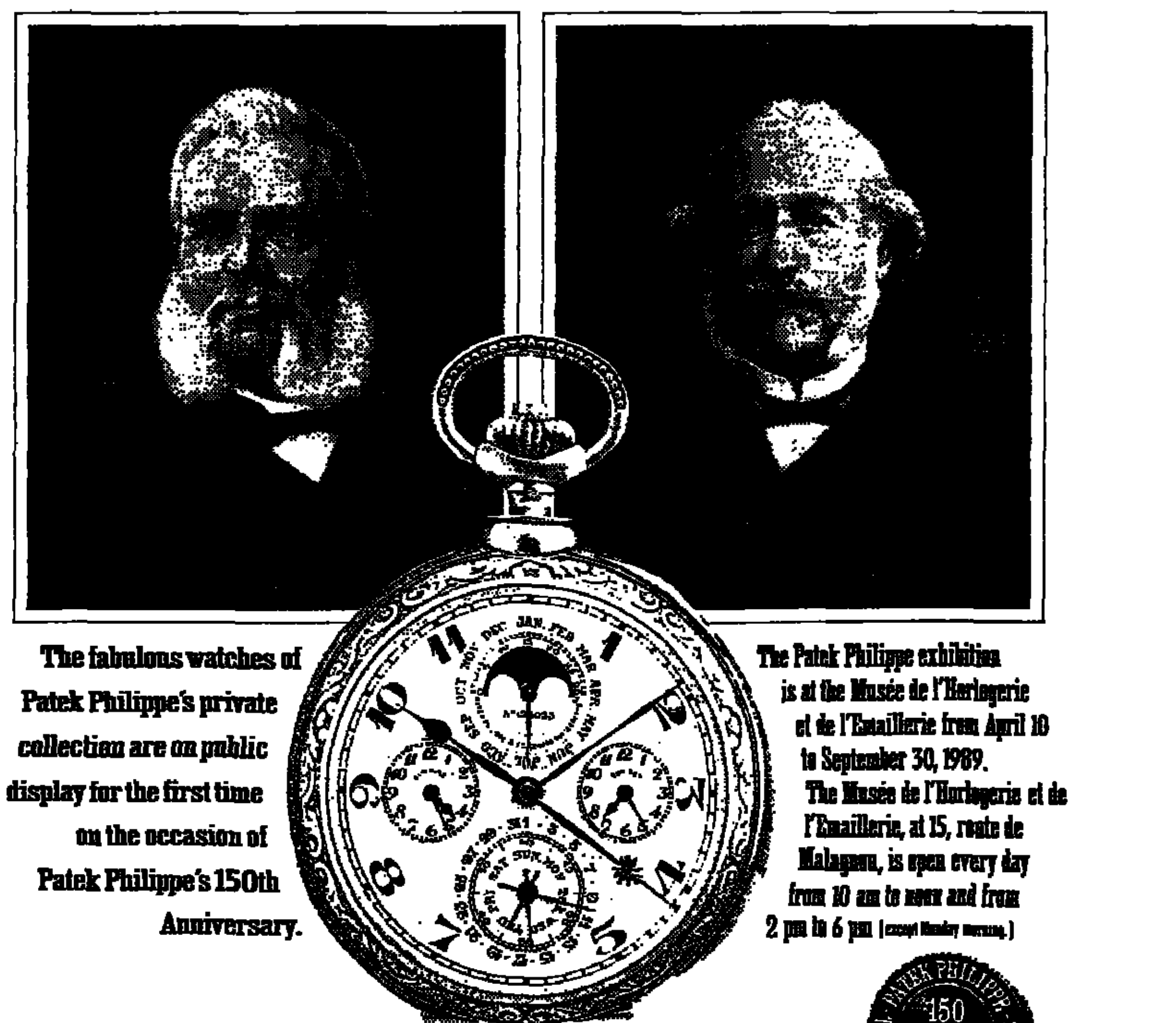

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A comprehensive, illustrated catalogue of the Patek Philippe Exhibition is available from the Musée de l'Horlogerie et de l'Emaillerie.

TRAVEL

THE FREQUENT TRAVELER

Europe's Skies in the 1990s

by Roger Collis

ABOUT A HUNDRED years ago, when I was a corporate executive, I used to spend my vacations wrestling with the Big Issues: the September budget review, the long-range plan, checking the bindings on my pewter parachute. This summer, I've sat in my beach chair and tried to focus on the Big Issues of business travel. Here are some of the events and portents which I think will shape European travel in the next 5 to 10 years:

• The second European Community liberalization package for air transport has just emerged from the European Commission and is awaiting discussion by the Council of Ministers. It is due to take effect from July 1989 as an interim step toward the putative single market in 1993. Open skies it is not. But the new package is a lot more radical than its predecessor of nearly two years ago and is likely to provoke long and heated argument.

The commission proposes to eliminate the complex raft of discount fare zones by allowing airlines to introduce fares subject only to approval of one country at the end of a route. This procedure, which is called "double disapproval" in Eurospeak, is presently used on liberal routes, such as Britain-Netherlands-Belgium. It will pave the way for cheaper normal economy and business class fares. A far-reaching proposal would permit airlines to operate on domestic services outside their country of origin as continuation of international flights. For example, Air France would be able to fly between London and Glasgow, and British Airways between Paris and Toulouse. Along with an extension of so-called fifth-freedom flights, whereby passengers are carried between two countries by the airline of a third, this should enable airlines to build services that might not otherwise be viable and stimulate competition. It should give business travelers a better choice of airport as well as carrier to avoid the congestion of major hubs.

• Congestion this summer has been even worse than 1988, when passenger traffic reached the level predicted three years ago for 1995: 3.6 million flights. This could treble by the year 2000, according to Gunter Eser, director-general of the International Air Transport Association in Geneva. Chronic delays dislocate not only business schedules but threaten to cripple moves toward liberalization by keeping new airlines, especially small carriers, out of crowded trunk routes.

There seems no respite in view. "The authorities say they are going to solve the short-term problem with air traffic control management, which in my opinion is a lie," says Karl-Heinz Neumeister, secretary-general of the Association of European Airlines (AEC) in Brussels. "They say we now have coordinated slots. But they are not increasing the capacity of air space; it's like food rationing in wartime. Planes are kept on the ground rather than holding in the air."

According to Neumeister, inefficient European air traffic control (ATC) is costing the community $4.2 billion a year: $500 in excessive ATC costs, $980 million in ATC delays, $1.7 billion for circuitous routing to avoid restricted areas, $400 million in indirect cost to the economy and $540 million in lost passenger time (at $21.50 per executive hour).

Everybody blames everybody else for the crisis, but the ultimate blame lies with governments. Earlier this week, the AEA unveiled a master plan for building a coordinated ATC system. "The problem is political not technical," Neumeister says. "We're asking governments to set up a commercial holding company, funded by the money airlines currently pay for ATC, to plan and finance a pan-European system. The [holding company] would work closely with national ATCs, paying them for services and harmonizing training and equipment. For example, we should aim for six ATC centers as compared with 42 today. We'd keep as many existing systems intact as possible. Governments could coordinate safety and security through Eurocontrol, which right now doesn't control anything." Eurocontrol is a supranational body set several years ago ago by five countries.

• This year has seen a continued spate of airline mergers and alliances. These are a direct result of free competition coupled with the need to gain access to each other's markets. They range from marketing alliances and minority equity swaps to outright acquisitions. KLM has acquired 15 percent of Air UK and plans to buy 20 percent of Sabena, a stake in Northwest Airlines and make a deal with an Asian carrier, most likely Singapore Airlines. Swissair has agreed to an equity swap with Delta. Last year, SAS acquired 10 percent of Texas Air Corp., owner of Continental, and 25 percent of British Midland. British Airways, which joined United Airlines in a marketing alliance last year, is bidding for a major stock interest in the U.S. carrier. Insiders say that Iberia is seeking some form of alliance with Air France and Lufthansa.

Whether airline mergers are good for the traveler will depend on the quality of choice for both airports and routes.

Ten years after airline deregulation in the United States eight top carriers control 94 percent of air traffic. This is a lesson that should not be lost on the EC Commission, which must take a far tougher line on antitrust than the U.S. Department of Transportation. Sir Leon Brittan, EC competition commissioner in Brussels, says that the passenger will not lose the benefits of liberalization and that he has ample powers to prevent monopolies.

Brittan's job will be made harder by the "globalization" of airlines as more complex shareholdings and alliances are forged among European, North American and Asian carriers. The question is, can you export legislation? The topside, as Richard Branson likes to say, is that a privatized global airline cannot remain a national carrier. And it is the state-protected "flag carriers" that are the biggest obstacle to free competition in Europe. One way to achieve this is to denationalize airlines along with state protectionism by abolishing the concept of majority ownership by nationals of a country.

"In EC law, genuinely national ought to mean genuinely community," says John Steele, former director-general for air transport at the EC Commission. "But that principle hasn't been established. If it were, by means of a council, or more likely by a court decision, then within the EC, the bilateral system of air traffic agreements would collapse. If British Airways, for example, was to count as a community carrier, it could set up shop in, say, Paris or Madrid."

Freedom of establishment will be the final, climactic step in liberalization of air transport in Europe. Governments should be concerned only with security, safety and competition. ■

In Training at Japanese Language Camp

by Steve Lohr

Kaku Kurita

A student at the Kanazawa language and culture school learning a Japanese fan dance.

DECIDING to spend a few weeks of summer vacation at a Japanese language camp in Kanazawa instead of, say, lounging and reading in Hawaii or Bali is the sort of judgment that seemingly qualifies a person for membership in Masochists Anonymous.

Still, it seemed like a reasonable thing to do in the summer of 1983, all things considered. My wife and I had been sent to Tokyo on short notice two years earlier and had been taking language lessons two mornings a week. The camp offered a chance to make some solid, intensive progress against our everyday nemesis: the Japanese language.

The Kanazawa program looked ideal. It accepted about three dozen people, all foreigners, from all sorts of countries, at every level of ability. After some cajoling to let us take the course after the date for registration had passed, my wife and I were admitted. We then headed by train to the west coast of Honshu, the main Japanese island, and to Kanazawa, known for its cultural wealth and for its heavy snowfalls. The school operates basically along the same lines today.

If you want gourmet meals, elegant accommodations or relaxed surroundings, there are vacations I could recommend, but not the Gaikokujin eno Nihongo oyobi Nihon Bunka Koza (the Japanese Language and Cultural Program for Foreigners). That said, it turned out to be one of the most memorable vacations I've spent, more for the people and the experience than any great linguistic gains, given the difficulties of the language.

The language training was excellent, administered by local instructors with characteristic Japanese rigor. Classes were conducted in small groups, with students grouped by language proficiency. The classes lasted throughout the day, and nearly all of us spent the evenings studying the next day's lessons. Anyone unwilling to use a bit of head muscle is advised not to apply. Learning any language is essentially an exercise in brute memorization, and Japanese requires more than most. There were a few in the program who bailed out before the end.

Our group turned out to be an extraordinary and agreeable collection of people, whose motivations could scarcely have been more diverse. There was a Canadian economist in his 60s, an American actress who had married a famous Japanese musician, and a Polish émigré who learned languages as a hobby. Japanese would be his sixth, saving the linguistic Everest for late in the game, I reckoned. Canada had also contributed a young Japanese-language scholar and his wife; he had lived in Japan for a couple of years on a fellowship from the Education Ministry and was fluent.

Two Hong Kong university students stuck together. A young West German banker was fond of his motorcycle, which he had brought along, and increasingly fond of a blond Dutchwoman, also a student, who was often sighted on the back of the bike in the waning days of the program. There was a 17-year-old from New Zealand who was half Japanese; he couldn't stand the food. And there was a woman from Phoenix in her late 60s who spoke not a word of Japanese when she arrived.

The program has been fine-tuned since we were there, making it less like boot-camp, but during our year, 10 days of the program were spent in a Buddhist monastery in the countryside outside Kanazawa. The monastery stay has since been discontinued. The men all slept on the tatami-matted floor of one room, while the women slept in a similar big room nearby. The food tended toward dried fish-and-rice *bentos*, or boxed meals. During that period the German banker's motorcycle was often heard roaring off in the night, speeding off to pick up something to eat at the nearest fast-food place.

For my money — precious litle of it, since the program is a subsidized bargain — one highpoint was staying in Japanese homes for a few days, which we did at the end of the program. My wife and I stayed at two homes, for a few days each.

One was the home of a Japanese farm family outside town, reasonably well off. I couldn't help but notice that the television always seemed to be on and the son in second grade ate a breakfast of soft drinks and buns before heading for the school bus.

The second family we stayed with, in Kanazawa, also had a son in the second grade. His father and grandfather were both wealthy dentists. A gardener trimmed the shrubs in the backyard and a Mercedes-Benz sedan stood in the driveway. The little boy's bedroom was filled with books. If he was allowed any soft drinks it was certainly not for breakfast. Japan is probably as egalitarian a society as any, a fact the Japanese often point out to foreigners with pride. Still it was clear that the dentist's son had a huge head start in many ways over the farmer's son. It provided a little glimpse of the Japanese class system.

Perhaps the most amusing and rewarding evening was spent at a festival celebration in a farm town. We all dressed up in *yukatas*, which are glorified cotton bathrobes, and tried some folk dancing with the local people at the community hall. It seemed to be a Japanese version of square dancing.

The kids would come over in between dances and stare, mouths agape, at the foreigners. Any foreign traveler, especially a tall fair-haired one who ventures outside Japan's major cities knows the feeling. And the children, as always, are the most honest about it; you might as well be a Martian. Some foreigners dislike this about Japan, but I've always found it oddly satisfying, as if my mere presence provided education for the youth of Japan.

The kids at the festival wanted to stare from close up, but they also wanted a bit more as well. The yukatas covered one up, but left an opening across the chest for the adventurous. Under the guise of coming over to talk to me, those with real chutzpah would creep closer and gingerly pat my chest hair, turn to their pals and titter maniacally. It was like being an animal in a petting zoo. Those familiar with Japanese literature of the early Meiji period, when Japan was forcibly opened to the West and "hairy barbarian" was a synonym for foreigner, might have found the experience insulting, but I figured it was harmless. Besides, there was a payoff for me as well. Most of the uninhibited youngsters were ages 6 to 8. I had finally found a group of Japanese for whom my level of language competence was just about adequate. ■

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Learning Gaelic *Continued from page 11*

opted to live for the week with an Irish family went home for meals. The Oideas Gael staff had made all the arrangements on our behalf. The Molloys, the family with whom I and two housemates lodged, had removed to the attic for the season, turning their comfortable downstairs quarters over to the guests. They were a family of eight, and the attic — access by ladder — must have been a strain, but they never let on.

Our meals were simply prepared, tasty and ample; actually, we all felt overfed. There was a meat-and-potatoes dinner nightly, but no fish. Though so much of it is caught in nearby Killybegs, people in Glencolumbkille seemed to have little use for it. Desserts were homemade.

We used our Irish as much as we could when addressing the *bean an ti* (woman of the house) and she encouraged our faltering efforts. I was energetically befriended by the two youngest children, ages 7 and 5, who freely dispensed hugs and information about village life. We were treated with kindness and good humor throughout our stay, even in the early morning when competition for the single bathroom became fierce.

My fellow students were a heterogeneous lot, all of them sociable, several of them no better prepared than I.

They included an English botanist (who eventually received the prize for best student in the beginners' group), an Australian civil servant, resplendent in his bush coat, which suited the damp chill of blustery Donegal perfectly, and a young *garda* (policeman) from Dublin who was blessed with a winsome singing voice.

There were also my two housemates — a wry Dublin journalist and an 85-year-old nurse and world traveler who had, before her retirement, worked in New York and in Rome. The nurse, whose name was Nancy, was brisk, hale and agile both mentally and physically.

Also in our group was a young Japanese woman, a teacher of English at the University of Osaka, who had become interested in the Irish language by way of the great Irish writers whose work she taught: Yeats, Synge and O'Casey. The contemporary Irish poet Sheamus Heaney was her particular favorite.

More than half of our class was composed of Irishmen and women who lived in Ireland and many were from Derry or Belfast, where, I was told, the murderous politics had contributed to a revival of interest in Irish culture and language, at least among the Catholic population.

It is estimated that there are now only some 15,000 native Irish speakers left in all Ireland. And Donegal, according to the Oideas Gael teachers and material supplied by the Irish Tourist Board, has the greatest number of Gaeltacht pockets of any of the 32 counties of Ireland and Northern Ireland.

It also has one of the most spectacularly beautiful coastlines in the world. With the wild Atlantic surf pounding its northern, western and southwestern shore, Donegal is a land of jagged cliffs and headlands, interspersed with small coves and pristine beaches.

In the summer, everything looks green and lush, but the soil in this region is poor, and much of the western part of the county is covered in bogland. Large sectors of the Donegal coast are virtually unenclosed and uninhabitable. In Donegal beauty and desolation go hand in hand.

"We like to keep the tourists south of the Galway-Dublin line," one Irishman quipped during a lecture on local fiddling traditions held in the schoolhouse. Donegal is viewed, even in Ireland, as the last outpost of the Celtic, rural past — the spot where urbanization, industrial pollution, tourists and a new generation of Irish yuppies have made the fewest incursions.

The town is named for the Irish saint better known by his Scottish name, St. Columba. St. Columba or St. Columbcille (spellings are notoriously varied) was the founder of the medieval monastic school at Iona from which, during the Dark Ages, Irish monks spread Latin learning and Christianity to much of northern Europe. According to legend, he came from a prominent local family.

There is a good deal of exploring to be done in and around Glencolumbkille. The area is rich in archeological attractions, among them the court cairns or megalithic tombs of the Stone Age, which in Ireland date from about 3000 B.C.

Also, are the cross-inscribed standing stones of the early Christian era. There was a standing stone directly behind the gate where my landlady hung her wash to dry.

IN addition to the Oideas Gael summer school, Glencolumbkille is host each year to a weeklong archeology program. It is also the site of an annual harpists' convention. Despite, or more likely because of its remoteness, it is a town the Tourist Board is trying to promote, but happily they still have a way to go. Take the matter of banking and currency exchange. In Glencolumbkille a bank comes to town twice a week on the back of a truck; miss it and you may wait several days to turn traveler's checks into punt.

"I've heard it said by New Yorkers we've had here that the social life in Glencolumbkille puts New York City to shame," one of our teachers said before the farewell party. Perhaps not quite. But they certainly hold their own. The party went on till 4 A.M.

Of the three pubs in Glencolumbkille, Biddy's was without doubt the smallest and the least comfortable. Standards of cleanliness were, to put it charitably, not high. According to the logic of Irish pub life, therefore, Biddy's was by far the most popular watering hole in town.

Directly opposite the schoolhouse, Biddy's seemed to be permanently occupied by a group of musicians; through its open door came the sound of guitars, bodhran (an Irish drum), flutes and penny whistles. In its own way, Biddy's was probably as important to the survival of Irish culture as Oideas Gael.

Back in New York I tried to assess what I had learned, and whether I wished to continue with this beautiful, ancient language. After a week of lessons at Oideas Gael we had perhaps covered the equivalent of a twice-weekly introductory college course. Maybe.

Later I enrolled in an Irish class at New York University. It disbanded after a semester — not enough students. At this stage I find the language is still quite mysterious. It's nice that feelings are worn, like clothes ("It is spring, and the gladness is upon me"), but I can't get used to the idea of "broad" and "slender" vowels and consonants. Or to words suddenly piling on extra consonants at their front. Unlikely combinations and juxtapositions of letters occur all the time. As in Dhun na nGall. ■

Zane Berzins, a senior writer in the press office at New York University, wrote this for The New York Times.

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Portugal	Esc.	29,000	29,240	16,000
Spain (mail)	Ptas.	32,000	22,600	17,600
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	32,000	22,600	17,600
—***hand delivery Madrid	Ptas.	46,800	—	23,400
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IHT EXTRAS

Full weekend sports results in Monday's IHT

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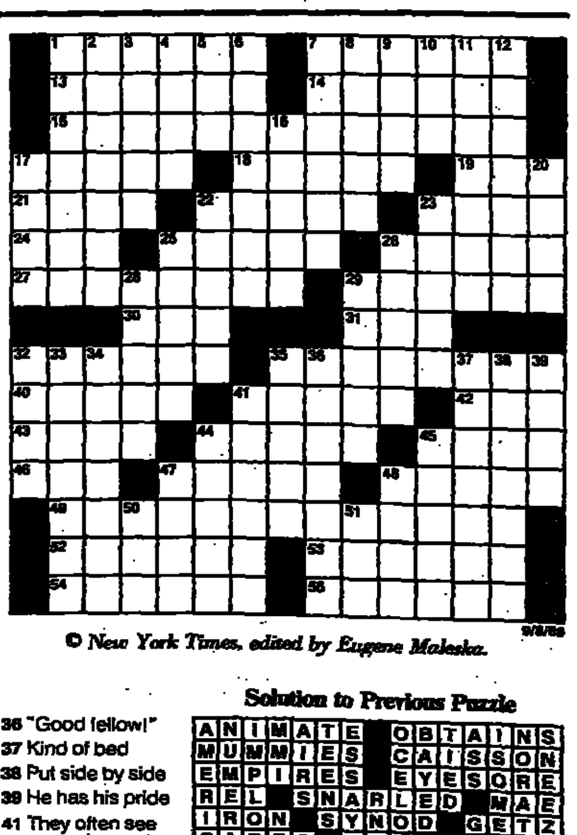
ACROSS

1 Predicament
7 Breakfast drinks
13 Classroom missile
14 Vitamin C source
15 Some execs give out these
17 Cries
18 "His wife could —— lean"
19 Believer in: Suffix
21 Parisian's airport
22 Mound in the Missouri
23 Baritone Alan ——
24 Alphabetic sequence
25 Mission beginning
26 Fat fowl
27 —— beet
29 Botanical spori
30 —— Dykstra, former Met
31 Actor Vigoda
32 Counsel
35 Kind of consent
40 Hijacker's specialty
41 "—— long, life ..."
42 Troy, N.Y. sch
43 Land parcel
44 Marble
45 "We'll tak a —— kindness ...": Burns
46 Swamp
47 Colosseum section
48 Massenet opera
49 Parts of flivvers
52 Mercury, e.g.
53 Hangnest or firebird
54 Flower parts
55 Did some rooting

DOWN

1 —— Folly (Alaska)
2 One-year-old, usually
3 Auto race
4 Inquires
5 Noted architect
6 Borgnine and Hemingway
7 Whirlybird
8 Praying figure
9 Guitar device
10 Arlen's "—— for My Baby"
11 Emperor Augustus's son-in-law
12 Assembly
16 Helmet-shaped part of a flower
17 —— Raton, Fla.
20 Bugler's pad
22 Silly
23 Like some cookies
25 Helpful Latin phrase
26 Cheese chunks
28 Beethoven wrote for her
29 Madame Curie
32 Peck role
33 Espirit ——
34 The line in 20/20
35 Bomb heavily, in R.A.F. argot
36 "Good fellow!"
37 Kind of bed
38 Put side by side
39 He has his pride
41 They often see stars
44 Biography of Shelley by Maurois
45 Entertainer Channing
47 Palindromic name
48 Knight clothes?
50 Catch a Z or two
51 Crude metal



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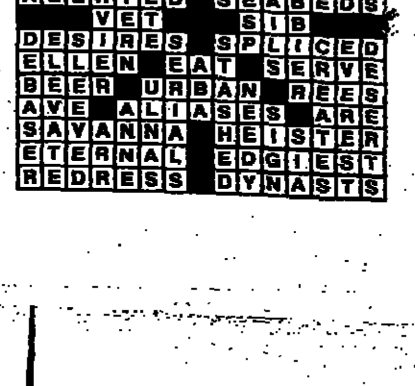
Solution to Previous Puzzle



TRAVEL

Victor Akhlomov / Sona Press

The Church of the Intercession, built in 1764, one of a complex of wooden buildings on Kizhi in Lake Onega.

A Russian Fantasy in Wood

by Dale Harris

IN THE summer of 1904, Ivan Bilibin — painter, illustrator, stage designer, champion of Russia's fast-disappearing folk arts — caught his first glimpse of the tiny island of Kizhi, set in the lake of Onega, some 200 miles to the northeast of Leningrad.

He was enraptured: "Never have I beheld such an architectural vision. . . . As the boat gets closer and closer, an entire pyramid of cupolas materializes before your eyes. Soon, you begin to feel as though you were on the threshold of an enchanted land at the world's end." As Russia's foremost illustrator of fairy tales, Bilibin found in the architecture of Kizhi, all of it made of timber by local artisans, a confirmation of his belief that fantasy and awe are among the basic needs of even the humblest people.

What the artist saw as the southern tip of Kizhi came into view on that summer morning 85 years ago remains no less fantastical and awesome today. As the excursion steamer — originating some 40 miles (65 kilometers) away in the industrial city of Petrozavodsk — approaches the island, there arises from a green meadow what looks like an apparition straight out of Russia's ancient past: a *pogost*, or complex of churches, surrounded by a low long log wall, built upon a stone foundation and topped by a gable-roof, with an imposing main gate, a wicket gate and a roofed turret.

Above this enclosure soar a lofty bell tower topped by an open gallery and a conical roof (1874); the tall octagonal nave of the winter Church of the Intercession, surmounted by a corona of nine small domes (1764), and, dominating the landscape for miles around, the unheated — indeed, because of its size, unheatable — summer Cathedral of the Transfiguration (1714). The cathedral is a monumental octagonal structure, with five diminishing tiers of undulating gables, from which burst a constellation of 22 domes, the whole dominated by a huge, majestic dome at the apex of the pyramid it helps to form.

Actually, what visitors encounter nowadays on Kizhi is a great deal more extensive than anything Bilibin laid eyes on in 1904. Since the end of World War II, the island has become a sanctuary for the region's most important ancient wooden buildings, secular as well as sacred, of which there are currently more than a score.

What visitors encounter is also a great deal more authentic. As Bilibin noted with disgust, the pogost had been restored some 30 years earlier in a manner deliberately designed to falsify its essential character. During his lifetime, the original log exteriors remained hidden by planks, painted white to resemble stone, while the domes, once hung with stepped-pattern aspen shingles, had been rendered smooth and featureless by a covering of sheet metal. The log enclosure, moreover, had long since been replaced by a low wall of boulders.

The artist's journey to Kizhi — undertaken as part of a survey of the province of Olonets sponsored by the Ethnographic Department of the Russian Museum in St. Petersburg — came about because of the interest in folk arts that suddenly burgeoned in Russia around the turn of the century. While Bilibin's report extolled the aesthetic wonders of the old wooden buildings it also inevitably dealt with their physical condition, warning that they were falling into a state of seemingly hopeless decay.

In an article published late in 1904 in Diaghilev's magazine, "The World of Art," Bilibin not only celebrated the peasant craftsmen of the northern provinces but also urged that their works be conserved in a state consonant with historical accuracy.

However, only since the end of World War II has the task of restoration been undertaken in earnest. By the end of the 1950s, a team of carpenters under the direction of the distinguished architectural historian Alexander Opolovnikov had finally stripped away all the 19th-century accretions from the exteriors of the pogost, divulging thereby a truth about these buildings that for nearly a hundred years had been obscured: Their full aesthetic impact is dependent upon the visibility of their structural details.

In a sense, the two churches of the pogost are gigantic carvings.

Only when the pine logs are revealed in all their original integrity does the main body of the Cathedral of the Transfiguration achieve both the horizontality and the sheer solidity that are challenged so jubilantly by the domes that blossom in profusion above the curving gables. Only when the ends of the logs are allowed to extend beyond the edges of the walls does the building attain the crispness of line that sends the eye moving upward to the culminating experience of the central dome. Only when the domes are hung with aspen shingles, finely graduated in size and subject to the subtle effects of weathering, does the cathedral have the vibrancy of texture that gives it life.

Texture is all-important in determining the character of the two churches of the pogost. In a sense, both of them are gigantic carvings, since in their basic construction no other implement beside an ax was employed, a fact easy enough to confirm by examining the surface of the walls. The reason the logs were hewed rather than sawed is simple: Cutting against the grain of the wood seals its pores, so that they absorb little if any moisture. Even more remarkable is the fact that an ax alone was used to shape every one of the aspen shingles, of which more than 40,000 in different shapes and sizes were required to cover the domes. All were notched and hung without the use of nails. In addition, not a single nail was used in the construction of the main body of either church.

In 1951, long before the restoration of the pogost was completed, Kizhi was declared a museum of northern wooden architecture, a center for study and conservation, in which structures from the surrounding area could find a safe and permanent home. The first to be moved there was a *koshel*, an elaborate complex in which a farmhouse and its service buildings coexist under a single roof. Built in 1874 by a well-to-do peasant called Oshevnev, the koshel contains summer and winter quarters, a pantry, a storeroom, a shed, a barn and a cattlehouse.

One of its most striking features is the evidence of Oshevnev's determination to ape the decorative amenities of bourgeois townhouses and avail himself of such refinements as elaborate pediments above the outside windows, delicate fretwork galleries and lathe-turned balusters and handrails. A great deal more prosperous than the average peasant family of that time, the Oshevnevs used chairs (and even a sofa) rather than benches, and beds rather than bunks — though in the large winter living room one finds a feature common to all peasant dwellings, whether humble or grand: sleeping places on top of the huge stove.

In the years since Oshevnev's koshel was relocated on Kizhi, more than a score of buildings, all made of wood, have been reconstructed on the island, including another, more modest koshel, a threshing barn, a blacksmith's shop, a water mill, a windmill, various kinds of peasant dwellings, several granaries, a bathhouse at the edge of the lake, a number of churches and chapels, and a wayside cross that stands under a decorated gable roof.

The greater number of exhibits date from the 19th century, a period when, paradoxically, the craftsmanship that brought these kinds of buildings into existence was dying out under the impact of industrialization, and when thousands of wooden structures were either falling into disrepair or being pulled down heedlessly. Bilibin is particularly scornful about the kind of local bishop who made the rounds of his diocese and then consigned dozens of old churches to the scrap heap.

FOR reasons of this sort, and because of the ever-present danger of fire, few wooden churches of great antiquity are to be found in Russia. What is believed to be the oldest, the late 14th-century Church of the Resurrection of Lazarus, has now been given a permanent home on Kizhi. A simple, even humble, hut made of pine logs set on a foundation of boulders, the church measures no more than 10 paces long by 3 paces wide. The only surviving building of the Murom monastery on the southeast shore of Lake Onega, it was moved to Kizhi in 1960, after having been preserved when another church was constructed around it in the 19th century. Today, it once again stands out in the open, amid the landscape for which it was created.

Since 1966, the island, to which more historical buildings are scheduled to be moved in the coming years, has been officially designated the Architectural and Ethnographic Museum Preserve of Kizhi. This, though accurate, is unalluring. Do not be put off.

Kizhi, though less than four miles long and hardly more than half a mile wide, has not yet been overrun by scholars. For the 80 or so people who live there throughout the year and who subsist by raising cattle and running dairy farms, Kizhi is a terrain, not a museum. True, a visit there offers instruction. Better yet, it offers elation and wonder, especially when seen in the hallucinatory light of an endless northern summer's day.

Dale Harris, professor of literature at Sarah Lawrence and professor of art history at Cooper Union, wrote this for The New York Times.

A Grand Tour of French Cheeses

PATRICK RANCE is a cheese merchant in rural England, where he has taught his compatriots how to buy, to taste, to love cheese with a passion. But with the publication of his newest book, "The French Cheese Book," one might add to his accomplishments those of a scientist, humorist, investigative journalist, historian and consciousness raiser.

Rance has written a book that is much more than a serious guide to more than 800 French cheeses. He has bundled up all the facts, anecdotes, horror tales and joys gathered in decades of buying and selling French cheese for his shop, Wells Stores, in Streatley, Berkshire. And he dispenses them with a rare professionalism.

PATRICIA WELLS

Dividing France into 18 regions, Rance takes us region by region, cheese by cheese, telling us where to find that rare and wonderful monastic cheese made at the Abbaye de Timadeuc in Brittany, noting the best market days and stalls at which seldom-seen cheeses can be found, sprinkling the pages with facts and folklore. How many of us knew that in Provence, those tiny discs of goat's milk called banon are likely to turn golden when the mistral blows. Or that in the Pays Basque, animals become so attached to their neck bells that when the bells crack, they give no milk for 48 hours.

His writing is lively and descriptive. Here is a visit to the Sainte-Maure market in Touraine in the 1950s: "We plunged through a sea of live kids and poultry to the endless stalls of *chèvres*. The colors of those Sainte-Maure cheeses dominated the market and remain vivid in my memory after 30 years: gold, pink, deep rose, gray, pale to dark blue, but, above all, the glistening reds of cheeses which appeared to have just emerged from a bath of Chinon rouge."

He can be beautifully deflating, as when he is describing the decline of cheesemaking standards in the Loire: "In the height of the season, surplus milk is frozen as curd or converted to powder for winter use, so that supermarkets can get round the truth that goat cheese is a seasonal joy."

He exposes the ridiculous (Brittany produces some 85,000 tons of industrial, pasteurized Emmental, ships it to the Savoy to mature, then to the United States to be sold as "Swiss cheese") and parachutes us into the hinterlands of Nice to sample a rare sheep's-milk cheese.

We read about the demise of farm cheese, and, along with Rance, recoil at the sight of the "sinister steam of a pasteurization plant." He doesn't just complain about the changes in cheesemaking, he constantly encourages the consumer to take charge, to insist on tasting before buying because "the pasteurized and unpasteurized, the mediocre and the good, the immature and the mature among these cheeses are as remote from one another as a nappy is from a Harris tweed."

He explains how artificial fertilizers have clouded the character of French cheese, and goes step-by-step through modern transformations of the French cheese world, explaining the role of pasteurization, industrialization, and modern farming methods.

But Rance is at his best when he turns investigative journalist, explaining with clarity the various arguments and explanations concerning listeriosis, a disease linked in 1987 and 1988 to several deaths traced to the consumption of Swiss Vacherin Mont d'Or. There is no agreement on the cause of the appearance of the bacteria in the cheeses, but Rance suggests a combination of pasteurization (which kills antibodies), factory methods, and prolonged refrigeration that provided the environment for bacteria, while raw-milk cheese repels bacteria.

Although nutritionists and scientists may disagree with Rance's notes on cheese and human health, his argument, backed by studies reported in the British medical journal Lancet, is that heart disease is caused not by eating too much saturated fat, but by a deficiency in poly-unsaturated fat. Thus, he promotes a diet that contains a proper balance of olive oil, garlic, fish, wine and cheese.

Most important, he reminds us that great farm cheese, fragrant and alive, is one of life's great pleasures: "Aroma is the quality on which any cheese should be judged before it is tasted. I feel about it as I do about modern wine: What is passed as good is too often uninteresting, lacking in aroma. I would like to see more natural products at the risk of some roughness, with more satisfaction for both nose and palate."

"The French Cheese Book," by Patrick Rance, 562 pages, £16.95, Macmillan, 4 Little Essex Street, London WC2 3LF. ■

Moroccan Fair

Continued from page 11

people apart. They are often tall, thin and blue-eyed, and speak a language totally different from Arabic.

The visit is exotic enough, but the road to Imilchil is perhaps even more memorable. The only way to get there is by negotiating 50 miles (80 kilometers) of incredibly bad dirt roads. Aficionados of the Paris-to-Dakar rally will no doubt consider 50 rough miles small potatoes, but for those who do most of their driving on interstate highways, the journey is a real adventure.

You will have to ford streams, climb up the side of a mountain on a narrow dirt track with no guard rail, deal with the sands and, above all, drive with eyes glued to the road to avoid rocks that can tear off your muffler or punch a big hole in your oil pan. The 50 miles will take four to five hours. I have never heard of anyone not making it, if not always in the car they started out with.

There are three approaches to Imilchil: via El Ksiba from the north, via Rich from the east or via Tinerhir from the south. The road from Rich is less hair-raising than the track from El Ksiba, but it is longer and involves crossing sizable streams that become raging torrents if it rains up in the mountains. The road from Tinerhir is the worst of the lot, I am told, but goes through the magnificent Todra gorges.

These dirt roads preserve Imilchil from the incursion of busloads of tourists. Nevertheless, a fair number of hardy souls make it to the moussem each year — mainly in four-wheel-drive vehicles. In fact, enough complete the journey to necessitate visitors' accommodations in the form of mattresses on the ground in communal tents. One can, of course, take one's own equipment.

When you finally arrive in Imilchil, you will be surrounded by noise, dust and confusion. A sea of tents centered on a *marabout* (tomb of a holy man, this one looking like a small mosque); thousands of people milling around, sheep, goats, mules and camels. Stalls selling anything you might need for a year up in the mountains, as well as food, carpets, silver, amber. Trucks loading up on sheep or undergoing major mechanical repair, with half the engine or transmission spread out on the ground. (On the way to Imilchil, you will, every now and then, meet one of these trucks coming the other way. If you are unlucky, it will be on the narrow track up the mountain. You will probably have to back down to a spot wide enough to pass. Decline to take the precipice side).

Look for the place where cars are parked, to find the man who will rent you a mattress in a tent. You should bring blankets or a sleeping bag with you and enough to drink to see you through the two or three days; other required supplies are a flashlight and toilet paper. The days will be hot and dusty with a fierce sun beating down. The nights will be very cold with more stars than you have ever seen.

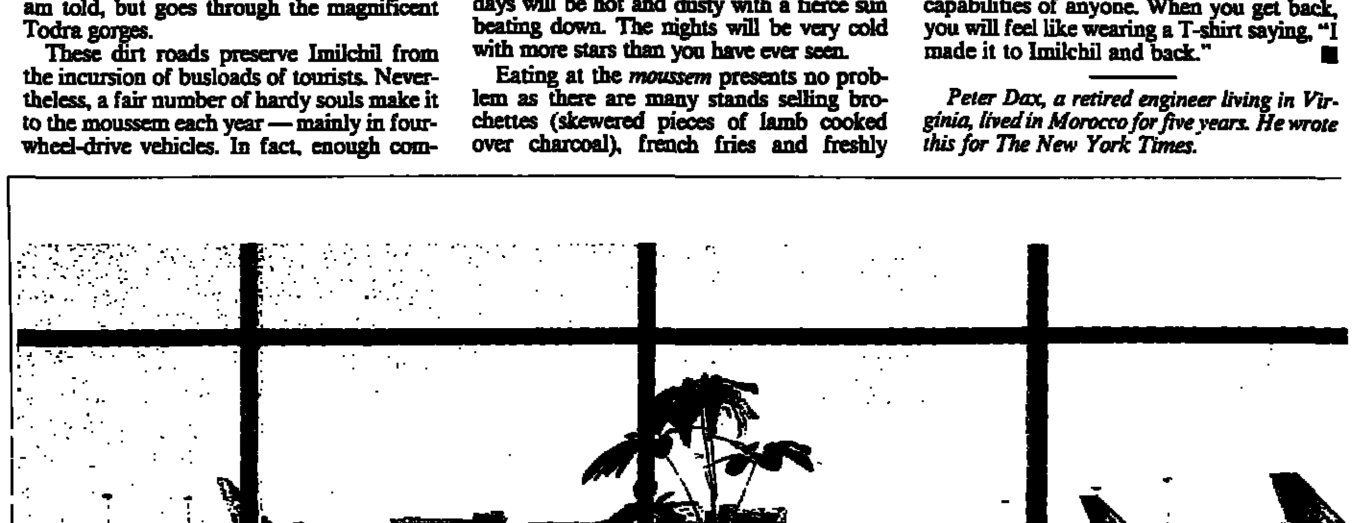
Eating at the *moussem* presents no problem as there are many stands selling brochettes (skewered pieces of lamb cooked over charcoal), french fries and freshly baked round loaves. The nonsqueamish can watch sheep having their throats cut to meet the demand for brochettes. Bottled soda pop is sold in huge quantities and the stuff appears to be safe to drink.

Some common-sense rules should be followed. Brochettes, french fries and bread are probably safe. You will, however, almost certainly be offered, at some time or another, mint tea. It is polite to accept. Unfortunately, there is an element of risk if the water is not absolutely boiling when the tea is made. It is safer to decline on some excuse at the risk of offending the offerer. There is a primitive bathroom block, but it is in a deplorable state and should be avoided at all costs in favor of the open countryside.

You will find merchants selling all sorts of trinkets, carpets and general junk, all spread out on the ground. Don't be carried away and buy anything — such as a camel saddle — you cannot easily take back with you. Beware of silver jewelry. Pick solid old Berber bracelets that are well worn. They are probably genuine. Start negotiating at half the offered price. A knowledge of French is almost a necessity for bargaining.

An Imilchil expedition is one of these rare trips that are demanding, yet within the capabilities of anyone. When you get back, you will feel like wearing a T-shirt saying, "I made it to Imilchil and back." ■

Peter Dax, a retired engineer living in Virginia, lived in Morocco for five years. He wrote this for The New York Times.



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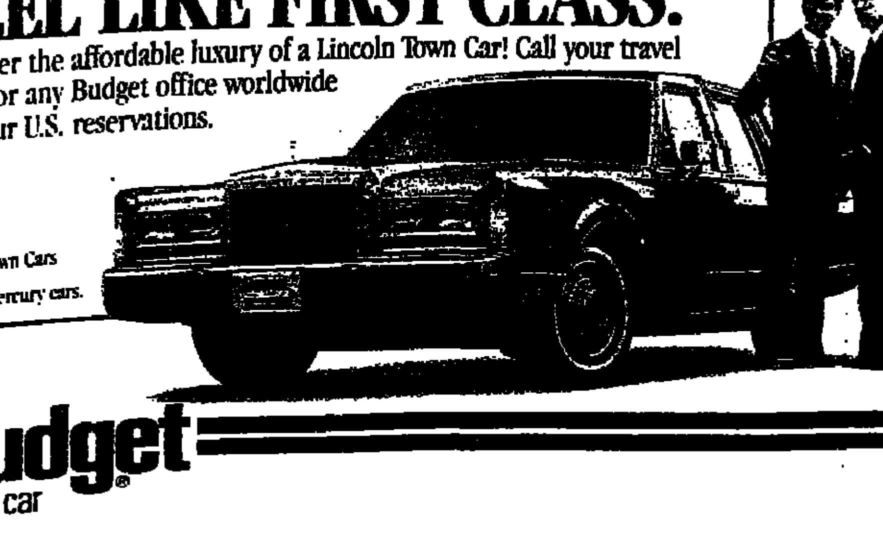

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Budget rent a car

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Airgn n	31542	22¼	20½	20⅝	—3⅝
Upjohn	21221	41⅜	40⅝	40⅞	+ ½
Genetch	20392	21¼	20⅜	21¼	+1¼
Goodyr	19926	59¾	56⅝	57⅝	
Exxon	18816	44¾	43⅞	44⅛	+ ¼
AMR	17415	87¼	82⅛	82⅝	—4⅝
PhilPet	15031	27⅝	27	27½	— ⅛
Texaco	14953	51¼	50⅝	51	+ ⅜
EKodak	14678	49¾	49	49⅛	+ ¼
GMotr s	13835	50½	49¾	50	— ⅛
FstFd	13535	15⅝	15½	15⅝	
McDnl s	13426	29⅛	28⅝	28¾	— ⅜
Chevrn	12741	59¾	57⅝	59	+1⅜
AT&T	12657	39½	38¾	38⅞	— ¼
USX	12642	35⅛	34¼	34⅞	+ ¼

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	92.99	— 0.14
Utilities	93.44	— 0.27
Industrials	92.55	— 0.01

Market Sales

NYSE 4 p.m. volume	160,160,000
NYSE prev. cons. close	161,800,000
Amex 4 p.m. volume	13,550,000
Amex prev. cons. close	12,300,000
NASDAQ 4 p.m. volume	132,997,300
NASDAQ prev. 4 p.m. volume	136,432,100
NYSE volume up	65,388,270
NYSE volume down	66,297,290
Amex volume up	6,479,215
Amex volume down	4,044,050
NASDAQ volume up	59,498,200
NASDAQ volume down	34,482,403

NYSE Diary

	Close	Prev.
Advanced	711	430
Declined	715	1091
Unchanged	570	454
Total Issues	1996	1980
New Highs	76	42
New Lows	18	22

NYSE Index

	High	Low	Close	Ch'ge
Composite	194.54	193.75	193.78	— 0.40
Industrials	233.65	232.74	232.74	— 0.51
Transp.	207.90	204.41	204.41	— 3.72
Utilities	92.62	92.32	92.32	— 0.14
Finance	166.05	165.35	165.35	+ 0.16

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Sept. 6	335,508	711,376	166,435
Sept. 5	311,877	665,457	91,289
Sept. 1	535,618	525,580	5,849
Aug. 31	421,879	519,763	14,394
Aug. 30	425,378	736,860	124,391

*Included in the sales figures

Thursday's MARKET DIARY

Via The Associated Press

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2726.44	2748.10	2692.84	2706.69	— 13.10
Trans	1510.14	1516.54	1474.93	1480.97	— 27.74
Util	215.86	216.61	214.10	214.66	— 0.25
Comp	1096.74	1103.51	1079.74	1084.77	— 9.55

AMEX Diary

	Close	Prev.
Advanced	272	211
Declined	282	367
Unchanged	278	259
Total Issues	832	837
New Highs	34	21
New Lows	12	11

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	401.33	398.89	399.21	— 0.95
Transp.	326.19	318.93	319.01	— 6.17
Utilities	140.38	139.65	139.67	— 0.23
Finance	33.36	33.12	33.12	— 0.02
SP 500	350.31	348.15	348.35	— 0.89
SP 100	326.49	324.40	324.62	— 0.92

NASDAQ Index

	Close	Ch'ge	Week Ago	Month Ago
Composite	469.68	+ 0.42	469.33	456.93
Industrials	454.48	+ 0.04	455.99	444.99
Finance	559.84	+ 1.42	557.27	539.79
Insurance	540.91	+ 2.54	538.81	530.41
Utilities	739.54	+ 0.49	734.29	709.94
Banks	489.85	+ 1.24	490.36	476.19
Transp.	467.28	— 1.25	467.58	453.95

NASDAQ Diary

	Close	Prev.
Advanced	1,008	783
Declined	929	1,168
Unchanged	2,440	2,425
Total Issues	4,377	4,376

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
DataPd	9553	10½	9⅝	10	—2¼
BAT	6365	12⅞	12⅝	12¾	+1⅛
Alza	5618	40¾	38⅞	39⅞	+ ⅜
Atari	5480	10¼	9⅝	9⅞	+ ⅜
TexAir	4301	20⅛	19½	19⅝	— ½
Thermd	3725	18⅛	17½	18	+1⅜
WangB	3659	5⅝	5½	5⅝	+ ⅛
Cross	3598	37½	32⅝	34¼	—3½
IntTich	3353	5⅛	4⅞	4⅞	+ ⅜
FruitL	3280	15¾	15⅛	15¾	+ ½
Amdhl	2758	15⅞	15⅛	15⅝	+ ⅛
ICH	2385	5¾	5⅜	5½	+ ¼
BolrPh	2344	21⅛	20¾	20½	— ⅛
ATTC wt	2206	1¼	1⅛	1⅛	
Frd wt92	2077	1⅝	1⅛	1¾	

AMEX Stock Index

High	Low	Close	Ch'ge
383.67	382.00	383.19	+ 0.32

Drexel Boosts Genentech Stock Rating

Reuters

SAN FRANCISCO — Stock in Genentech Inc. rose sharply Thursday after Jackie Siegel, an analyst at Drexel Burnham Lambert Inc., raised her rating on the company to a "strong buy" from a "trade."

Genentech shares climbed 87.5 cents to $20.75 in heavy afternoon trading on the New York Stock Exchange.

In a report issued late Wednesday, Ms. Siegel said she has a positive outlook for Genentech's drug for severe trauma-related infections, Gamma Interferon. The drug currently is in human trials, and Genentech expects to submit it for U.S. Food and Drug Administration approval later this year.

Dow Falls as N.Y. Stocks End Mixed

United Press International

NEW YORK — Prices ended mixed Thursday on the New York Stock Exchange, battered by futures-related selling after attempting to recover from a similar selloff in the previous session.

The Dow Jones industrial average, which plunged 24.89 points Wednesday, retreated 12.91 to close at 2,706.88.

Among broader market indicators, the New York Stock Exchange composite index slipped 0.40 to 193.78 and Standard & Poor's 500-stock index fell 0.89 to 348.35. The price of an average share sank 8 cents.

Advances barely outpaced declines, while Big Board volume was little changed at 160.16 million shares, compared with 161.80 million traded Wednesday.

Stock prices were higher most of Thursday's session, boosted by a continuation of the bargain hunting that helped the market rebound somewhat in late Wednesday trading. Higher bond prices tied to the strong dollar supported the market.

Computerized sell programs, however, entered the picture in the last hour of trading and erased the early gains, analysts observed. As the value of stock-index futures neared those of cash indexes, investors could profit by buying futures contracts and selling stocks.

Ralph Bloch, senior vice president and chief market analyst at Raymond, James & Associates in St. Petersburg, Florida, characterized the market's strength early Thursday as a "poor-quality rally" tied to only a few blue-chip issues.

"The underpinnings of the market are very poor," he said. "I think any rallies in here are very technical and shortlived."

Mr. Bloch observed that the first week of September traditionally sets the tone for the rest of the month. The ability of the market to refuel itself at this point is poor, he added.

"The market will do well to hold at this level," said Monte Gordon, research director of Dreyfus Corp.

He observed that the Dow dipped below 2,722.42, the blue-chip indicator's old record reached Aug. 25, 1987. The index has set three records in the past two weeks and closed Friday at 2,752.09.

Mr. Gordon said the Dow industrials should test the 2,722 level before going higher again, adding that "the market is trying to stabilize itself."

Allergan was the most-active NYSE issue, slipping 3⅝ to end at 20⅝ after reducing a sales forecast for its optical division.

Goodyear Tire & Rubber followed, unchanged at 57⅝. The company jumped Wednesday after Pirelli of Italy was rumored to be a possible suitor.

AT&T slipped ¼ to 38⅞ and IBM dropped ½ to 116¼.

Among other blue chips, Philip Morris eased 2 to 164¼, Merck lost 1¼ to 71, USX gained ¼ to 34⅞, Woolworth added 1⅜ to 68¾, and Union Pacific, trading ex-dividend, slipped ⅜ to 78.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Sept. 7

U.S. Futures

Via The Associated Press

Sept. 7

Currency Options

London Commodities

Paris Commodities

London Metals

Dividends

U.S. Treasuries

S&P 100 Index Options

Spot Commodities

Sept. 7

Commodity	Today	Prev.
Aluminium, lb	0.795	0.795
Coffee, lb	0.77	0.75
Copper electrolytic, lb	1.3775	1.41
Iron FOB, ton	213.00	213.00
Lead, lb	0.42	0.41
Printcloth, yd	0.50	0.50
Silver, troy oz	5.10	5.11
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	109.50	109.50
Tin, lb	5.1089	5.0941
Zinc, lb	0.85	0.85

Source: AP.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

Sept. 7

Strike Price	Calls-Settle Sep	Calls-Settle Oct	Calls-Settle Dec	Puts-Settle Sep	Puts-Settle Oct	Puts-Settle Dec
48	2.43	—	2.96	0.01	0.11	0.39
49	1.43	1.85	2.23	0.01	0.25	0.66
50	0.47	1.13	1.61	0.04	0.52	1.01
51	0.03	0.60	1.11	0.60	0.99	1.49
52	0.01	0.31	0.73	1.57	1.69	2.18
53	0.01	0.13	0.46	2.57	2.59	2.81

Est. total vol.: 11,515

Calls: Wed. volume: 5,294; open int.: 77,085

Puts: Wed. volume: 7,894; open int.: 95,397

Source: CME.

Unemployment Rate Tumbles in Australia

Agence France-Presse

CANBERRA — Australia's unemployment rate fell 1.2 points, to 5.9 percent, in August from the same month in 1988, the lowest in nearly eight years, the government announced Thursday.

The Australian Bureau of Statistics said that seasonally adjusted unemployment in August was 492,400, down from 563,000 a year earlier. The rate was the lowest recorded since October 1981. The southern island state of Tasmania had the worst rate, at 8.7 percent.

Volvo Set to Buy Spanish Importer

Compiled by Our Staff From Dispatches

STOCKHOLM — Volvo AB of Sweden said Thursday it had agreed to buy all the capital of its distributor in Spain, Volvo Concesionarios SA. It did not disclose the price, but sources in Spain put it at 6.5 billion to 7 billion pesetas ($52.7 million to $56.7 million).

Volvo said the takeover of Concesionarios, whose 1988 turnover was the equivalent of 1.4 billion kroner ($209.9 million), was part of its strategy of continued integration on the European market.

Concesionarios has marketed Volvo cars, trucks and buses in Spain since 1962. (Reuters, AFP)

The Global Newspaper.

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ECONOMIC SCENE

EC Ministers Set to Renew Debate on Monetary Plan

By RICHARD INGHAM

Agence France-Presse

ANTIBES, France — At the risk of reigniting a feud that marked the European Community summit in June, EC finance ministers this weekend will review the progress of the community's drive toward achieving monetary union among its 12 member states.

Just as potentially explosive, analysts say, will be a debate on how to prevent cross-border tax evasion by European investors after EC states begin scrapping their remaining controls on capital movements in July of next year.

The ministers, meeting Friday and Saturday in this Mediterranean resort, will look at institutional changes needed to complete the first stage of the Delors Report on economic and monetary union, EC sources say.

Mrs. Thatcher has sought to unite dissenters against Mr. Mitterrand.

The report, named after European Commission President Jacques Delors, brought Prime Minister Margaret Thatcher of Britain and President François Mitterrand of France into conflict at the June summit in Madrid.

Under intense pressure from other EC heads of state, Mrs. Thatcher agreed to the first phase of the report — but refused to endorse phases 2 and 3, which call for the transfer of substantial economic sovereignty to Brussels.

The first phase of the Delors plan, scheduled to come into effect on July 1, calls for the British pound to join the exchange-rate mechanism of the European Monetary System and for EC institutions to be given a greater say in European monetary and budget policies.

Since the summit, several other countries, including West Germany, have joined Britain in voicing disquiet about the plan's ultimate aim of setting up a European central bank and creating a single EC currency.

Mrs. Thatcher, according to a common view in Brussels, has sought to unite the dissenters against Mr. Mitterrand and Mr. Delors by promising more palatable — and less ambitious — alternatives to the Delors blueprint.

ACCORDING TO REPORTS, Chancellor of the Exchequer Nigel Lawson may suggest that, instead of creating a single currency, the EC states allow each other's currencies to be used freely in their national markets by businesses and individuals.

A Treasury spokesman said he could not confirm whether the British proposals would be put forward this weekend. "We are still working on them," he said.

But sources in Brussels say the Antibes meeting, an informal gathering which is not authorized to make decisions, could still become embroiled in a dispute over how far to coordinate policy under phase 1 of the Delors plan.

One likely sticking point, analysts said, is the role of the committee of EC central bank governors.

EC officials have drawn up a list of suggested changes to the 1964 text that created the committee, to allow it to express opinions on national monetary policies.

Analysts say this could create friction because of the sharply differing traditions among European central banks.

These range from the virtually autonomous West German Bundesbank to the government control imposed on other central banks, such as the Bank of France.

Also at the meeting, the EC commissioner for taxation, Christiane Scrivener, is expected to outline a series of proposals aimed at curbing tax evasion after capital controls are abolished.

Sources said that with an EC plan to set a minimum 15 percent tax on savings income all but dead, the thrust of Mrs. Scrivener's proposals will be confined to achieving greater cooperation between tax authorities both within and outside the community.

Discord Finds a Home in Brussels as Property Prices Soar

Reuters

BRUSSELS — "Brussels is not for sale," proclaim the posters in Belgium's capital, as the city's expanding role in Europe drives real-estate prices and rents sky-high.

Legions of European Community bureaucrats have been joined in generating the price spiral by well-paid corporate executives anticipating the single European market after 1992.

"The property boom is above all due to the arrival of more and more 'Eurocrats,' the establishment of multinational companies," said José Garcia, a spokesman for a pressure group fighting property speculation in Brussels.

Those who suffer most from the booming demand are the less affluent, who until recently had benefited from very low rents.

Belgian newspapers gave prominence to the case of an 80-year-old woman who lived in a tiny apartment and found herself on the street when the owner almost doubled her monthly rent to 15,000 francs Belgian ($380), leaving her with just 3,000 francs a month of her pension.

The expulsion in July of 60 tenants from dilapidated housing in the working-class district of Marolles sparked demonstrations.

"The doubling of rents is the norm whenever a contract is up for renewal," said Hervé Cnudde, director of an urban protection group called ARAU. For 20 years his association has been fighting against developers who, in his view, are responsible for what is happening in Brussels.

"The authorities must put a stop to the savage destruction perpetrated by the developers to ensure Brussels remains a city worth living in," said Mr. Garcia, whose group is called "Brussels Rally for the Right to Habitat."

Developers are focusing increasingly on turning what little cheap accommodation is still available into high-yielding luxury apartments. The price of such property in Brussels has more than doubled in just two years, according to figures published by An-Hyp Bank, a leading mortgage specialist.

Much is expected from a new regional government that has been put in charge of Brussels under a devolution scheme.

Charles Picque, the Brussels region's socialist premier and a rising star in the Belgian political scene, is aware of the high hopes placed in him. An aide said, "We have to put an end to this property speculation by offering more flats for lower incomes."

The lack of legal protection for the 70 percent of the city's inhabitants who live in rental units is among the most urgent problems Mr. Picque has to address.

While one law purports to protect the tenants by linking rises in rents to the increase in the general cost of living, landlords are at the same time free to terminate contracts without giving any reason.

Elders Sets Plan For Bond

Deal Focuses On Sale of Breweries

Reuters

SYDNEY — Elders IXL Ltd., Australia's third-largest company, has prepared a restructuring plan for the beleaguered Bond Corp. Holdings Ltd., the Elders chairman, John Elliott, said Thursday.

Speaking on Australian television, Mr. Elliott said, "I really can't comment on the nature of it other than I think it is very important that Alan Bond survives." He added, "I think he's got some very good assets, some of which he'll have to sell as we know."

Mr. Elliott said talks between Bond Corp. and Elders Finance Group Ltd. had been going on for about six months and that Elders was specifically interested in buying some of Bond's mining and brewing assets.

Shares in Bond Corp. Holdings have fallen sharply in recent months amid fears about the company's high debt levels.

Ken Jarrett, chief executive of Elders Finance, said the talks have specifically focused on breaking up Bond's worldwide brewing business.

"We are looking at a number of alternatives but you would certainly get more value out of the brewing assets if they were broken up than if they were sold as one lot," Mr. Jarrett said.

Mr. Jarrett said Elders would not be involved in lending money to Bond Corp., but had held discussions with investors around the world interested in taking a piece of the Bond group.

"Elders Finance is involved in a number of transactions," he said.

Separately, the National Companies and Securities Commission, Australia's corporate watchdog agency, said Thursday that it suspected offenses may have been committed in dealings within Bond Corp. and its affiliates.

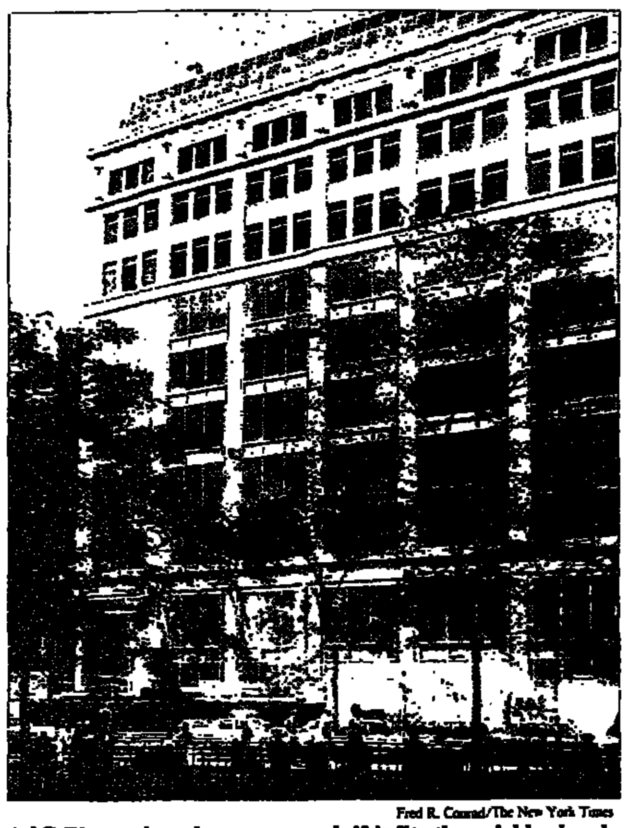
The commission said it would hold a private hearing to investigate dealings between Bond Corp. and its Bell Resources Ltd. unit, and at Bond International Gold Inc.

In Manhattan, an Oasis of Plenty

A&S Plaza Seeks Spenders Amid 'Little Calcutta'

By Woody Hochswender

New York Times Service



Fred R. Conrad/The New York Times

A&S Plaza takes shape: some ask if it fits the neighborhood.

NEW YORK — Across the street from Greeley Square in Manhattan, where men and women living out of shopping bags sometimes doze on park benches in the middle of the afternoon, a sleeping giant is awakening.

A&S Plaza, the most ambitious shopping mall ever constructed in Manhattan, is nearing completion on the site of the former Gimbels store at 33rd Street and the Avenue of the Americas, a block from Macy's flagship store.

But even as the finishing touches are put in place, industry analysts consider it a calculated gamble, dependent both on its impact on the neighborhood — and on the neighborhood's impact on it.

The long-range success of A&S Plaza, experts said, is linked to the neighborhood, which in recent years became known as "Little Calcutta" because of the many welfare hotels and homeless families in the vicinity.

The keystone of the multilevel shopping center, an Abraham & Straus department store, will be the first in Manhattan for the Brooklyn-based chain. It is to open Sept. 14, and a connecting mall, with space for 100 stores, including retailers like The Limited, Barnes & Noble and McDonald's, is to open Oct. 26.

The mall's developers and principal tenant predict that the rambling structure, which is being built around the skeletal form of the old Gimbels store originally built in 1909, will soon become a hive of consumerism, attracting shoppers from those who pass by each day on their way to Pennsylvania Station, the PATH commuter train and six subway lines.

Outside the project's tall windows, however, skeptics say it may encounter many of the difficulties that put Gimbels and Korvettes stores out of business in the area. Or, they say, it may share the fate of its more immediate precursor, the Herald Center mall across the street, a neglected, half-empty shell in the midst of a retail gulch dominated by Macy's and frequented by shoplifters as well as shoppers.

"Gimbels didn't fail because of the location," said Chaim Y. Edelstein, chairman and chief executive of A&S, who pointed out that Gimbels had sales of more than $100 million in 1985, its last full year on the site. He said, rather, that it was hurt by its discount policy and its failure to modernize the store.

"And the difference between Herald Center and the A&S mall is like night and day," he said.

"This is open and airy, and it has an anchor store, A&S."

Since May 1988, A&S, a division of Federated-Allied Department Stores, has been owned by Campeau Corp., which also owns Bloomingdale's.

Federated Department Stores had a loss of $321.6 million in 1988, chiefly because of high debt-service costs incurred in Campeau's leveraged buyout.

From any perspective, the A&S Plaza is a high-stakes venture.

The cost of building the project, which includes four floors of children's wear wholesale showrooms above the mall, will be $300 million to $400 million, said Jerry Garvey, an executive vice president of Melvin Simon & Associates of Indianapolis, one of three partners in the development. The others are Silverstein Properties Inc. and Zeckendorf Co., both of New York.

A&S is to pay to a base rent against a percentage of sales. "If we do well, the developer will do well," Mr. Edelstein said.

Within the steel and concrete skeleton, glass elevators will whisk shoppers up from two basement-level concourses through six floors of retail shops. Escalators will crisscross the central atrium, with its faceted glass balconies and faux-stone columns suspended above a basement-level fountain.

Is Manhattan ready for a suburban-style shopping mall? The city's main shopping streets already offer the kind of selection and opportunity for browsing that mall shopping affords customers in less urbanized areas.

Snags Reported In U.S.-Korean Telecoms Talks

Compiled by Our Staff From Dispatches

SEOUL — Trade talks on opening South Korea's closed telecommunications market to U.S. products and services bogged down Thursday, with both sides unwilling to compromise, South Korean officials said.

The two-day meeting, which began Wednesday, continued until late Thursday night, but there was little chance of an agreement, said officials of the Communications Ministry.

One ministry official, requesting anonymity, said both sides would continue the negotiations until Feb. 18 of next year, the deadline set by the United States for South Korea to open its telecommunications market or face sanctions of 100 percent tariffs on some of its exports to America.

Last year, South Korea ran a $500 million surplus with the United States in telecommunications equipment. The talks also include the difficult problem of what are called value-added systems, which includes data processing and electronic mail.

The value-added systems were said to be the toughest part of the negotiations, with South Korea seeking to protect its market at least until the second half of 1992.

The Seoul talks were called after the United States named South Korea as an unfair trader in telecommunications in February. That move came under the 1988 Trade Act, which calls for retaliatory sanctions if countries found to be unfair traders do not open their markets after negotiations.

During the talks, Gordana Earp, the chief U.S. delegate, asked South Korea to announce a timetable to open its market before July next year.

South Korea expressed willingness to accept some of Washington's demands to open its market to telecommunications equipment but refused to allow direct U.S. investment in the value-added network market, the ministry official said.

The U.S. side gave strong warnings that America would impose trade sanctions against South Korea if its demands were not fully accepted, he added.

The United States ran a trade deficit of $8.5 billion with South Korea last year. But South Korea is America's second-largest market in Asia after Japan. It imported $56 billion of foreign goods last year, about one-fourth of them from the United States.

Overall, the United States ran an $8.5 billion trade deficit with South Korea in 1988. *(AP, Reuters, AFP)*

■ Daewoo Gets Ship Order

Daewoo Shipbuilding & Heavy Machinery Co. said Thursday it has signed a $110 million contract to build two crude oil tankers for ICB Shipping AB of Sweden, The Associated Press reported from Seoul.

Daewoo said the 135,000-ton tankers would be delivered to the Swedish company in April and July 1991. The company has delivered four ships this year, with 24 other ships under construction.

Foreign orders received by South Korean shipbuilders have increased sharply in recent months.

Congress Urged to Act On Penny Stocks Fraud

Compiled by Our Staff From Dispatches

WASHINGTON — A convicted stock swindler urged Congress on Thursday to "do something now" to end what he called rampant fraud and organized-crime control of the U.S. penny stock market, in which investors lose about $2 billion a year.

"The over-the-counter market is controlled by organized crime, the over-the-counter market is controlled by people like myself," Lorenzo Formato, the convicted manipulator, told a House subcommittee hearing on problems in the sale of cheap, or penny stocks.

He acknowledged that while there are legitimate companies offering their stocks over-the-counter — that is, not listed on any stock exchange — they are often manipulated by brokers or salesmen.

"This is one of the dirtiest businesses there is," Mr. Formato said. "Behind the suits and ties I know there are a lot of real nasty people."

Mr. Formato, a participant in the federal Witness Protection Program, came to Capitol Hill from federal prison, where he was sentenced to 15 years in 1986 on charges of tax evasion, wire fraud and illegal conversion of funds.

According to a survey by state securities regulators, U.S. investors have been cheated out of at least $2 billion a year by crooked schemes involving penny stocks.

"Penny stock swindles are now the No. 1 threat of fraud and abuse facing small mom-and-pop investors in the United States," said Representative Edward J. Markey, Democrat of Massachusetts, the subcommittee chairman, who called Mr. Formato's testimony "a blistering, scalding indictment of the entire penny stock market."

Penny stocks, which are inexpensive but highly risky securities that usually are not listed on stock exchanges, are legal, but they usually are issued by young companies with an untested or uneven earnings history.

Escorted by armed guards, Mr. Formato entered the hearing room wearing a grey hood over his head. He removed it at the witness table, which was surrounded on three sides by a five-foot screen and flanked by guards.

A device on his microphone distorted his voice, making him so hard to understand at first that Representative Matthew Rinaldo, Republican of New Jersey, had to ask that the distortion be reduced.

While Mr. Formato's words were muddled, his message was clear: the entire penny stock industry is riddled with fraud and organized-crime influence.

(UPI, AP)

Suez Plans to Sell Victoire Stakes

By Jacques Neher

Special to the Herald Tribune

PARIS — Compagnie Financière de Suez said Thursday that it may sell stakes amounting to almost half of its takeover target Groupe Victoire to rival insurance companies in the United States, Japan and Europe to help finance the 27 billion franc ($4.05 billion) acquisition.

Suez said its takeover of Victoire and Compagnie Industrielle, which owns 40 percent of the insurer, would be "perfectly manageable" and produce no dilution in this year's earnings. The announcement helped Suez stock surge 17.50 francs, to close at 386 francs, in heavy trading on the Paris Bourse.

The financial and industrial concern said it was considering the sale of minority stakes in the soon-to-be acquired insurance company to American, Japanese and European insurers to help it recoup much of the expense incurred in takeover.

In a press conference, Renaud de la Génière, chairman of Suez, said he hopes to build Victoire, already powerful in France and West Germany, into a pan-European company that would eventually seek entry into the American insurance market.

On Tuesday, with a sweetened bid, Suez convinced Jean-Marc Vernes to surrender a 25.3 percent stake in Compagnie Industrielle, clearing the way for it to gain majority control over Victoire, the sixth-largest insurance concern in Europe.

Mr. de La Génière said there would be no dilution in 1989 consolidated net earnings, which he still projects at 3.6 billion francs, or about 34 percent above the 2.69 billion francs earned in 1988.

Although Suez's offer is for 100 percent of Industrielle and Victoire, it intends to reclassify Victoire's shares and sell off 49 percent of them within the next four months. Since Suez already has effective control of over 40 percent of Victoire, Mr. de La Génière said it would need to pay 4 billion francs to acquire majority control.

He said all of this amount would come from proceeds of warrants that were issued last year. The warrants can be exercised on terms linked to the recent market price of Suez stock.

Mr. de la Génière also said he thought Suez stock was undervalued on the Bourse.

Bernard Egloff, a Suez managing director, said the company's assets were worth 575 francs per share, or a total of 65 billion francs.

Mr. de la Génière also revealed that Victoire's acquisition in July of Colonia Versicherung AG, the second-largest insurance company in West Germany, cost 10 billion francs, most of which, he said, would be paid for through Victoire's own resources.

He said most of the 49 percent block in Victoire would be placed with other insurance companies, while 15 percent to 20 percent of the shares could be placed back on the market.

Dollar Rise Tempered by Intervention

By Robert J. McCartney

Washington Post Service

BONN — Central banks sold dollars on foreign-exchange markets Thursday for the second time this week in a joint effort to rein in the surging currency, but dealers said it remained strong owing to the positive performance of the U.S. economy and political uncertainty in Japan.

About a dozen central banks, including the U.S. Federal Reserve and the West German Bundesbank, staged coordinated intervention to try to hold down the dollar. They had done so on Tuesday as well, when they returned to the markets after a three-week absence.

The size of the intervention was modest, and it appeared designed primarily to demonstrate the monetary authorities' concern about the dollar's recent gains. Dealers estimated the quantity of the U.S. currency sold this week was a relatively small $1.5 billion.

"I wouldn't say the intervention was very heavy. We have seen much larger interventions in the past. One billion dollars doesn't seem to be very much nowadays," said Horst Volke, a senior vice president of Deutsche Bank AG who heads the bank's foreign exchange division in Düsseldorf.

The central banks "just wanted to show that they are there if the market really needs them" Mr. Volke said.

The central banks are concerned that a rising dollar will jeopardize efforts to reduce the U.S. trade deficit. A strong dollar tends to encourage imports, by making it cheaper to buy goods priced in dollars.

In addition, western European monetary authorities worry that a rise in the American currency could spur inflation in their countries, especially by pushing up the amount they pay for oil, which is priced in dollars.

The central banks sold dollars

See DOLLAR, Page 19

EC Opposes U.S. On Tariff Plan For Farm Trade

Agence France-Presse

BRUSSELS — The EC agriculture commissioner, Ray MacSharry, said Thursday that the community opposed a "tariffication" plan proposed by the United States at GATT talks that would remove barriers to world farm trade.

He said the European Community would soon unveil its own proposals at General Agreement on Tariffs and Trade talks that could result in duties being imposed on zero-tariff imports like soybeans.

The U.S. plan calls for webs of national measures, like variable duties, to be transformed into single tariffs that would be reduced as world commerce is liberalized.

Mr. MacSharry, after talks with the U.S. agriculture secretary, Clayton K. Yeutter, said the plan is "a major concern to us."

U.S. Businesses Foresee Strong Investment Rise

United Press International

WASHINGTON — U.S. companies expect to increase their spending on plant and equipment by 7.7 percent in 1989 despite this year's slowing economic growth, the Commerce Department reported Thursday.

A survey of American businesses completed in August showed that companies plan to spend $464.0 billion on capital investments during the year, after adjusting for inflation.

Businesses have raised their capital spending since the department took its last survey in April and May. That survey projected a 6.5 percent increase in capital spending for 1989, to $451.4 billion.

Analysts said the report showed continued optimism by businessmen but warned that much of the new spending was for equipment rather than buildings and other structures, showing that businesses are wary of major expansion.

"With capacity utilization down and memories of excess capacity in the last recession vivid, business has not been spending its money on structures," said Irwin Kellner, chief economist of Manufacturers Hanover Trust Co. in New York. Such investment would quickly increase capacity, but would be risky.

The projected spending for 1989 is still behind the 8.9 percent growth in inflation-adjusted capital spending in 1988, when businesses spent $431.0 billion on capital investment [illegible].

Capital spending rose 4.2 percent in 1987, the department said.

Currency Rates

Cross Rates *Sept. 7*

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.2425	3.461	1.127	0.3346	0.1573 *	—	5.389 *	1.3051	1.5244 *
Brussels(a)	41.6125	64.22	20.912	6.2085	2.918 *	18.555	—	24.219	0.2829
Frankfurt	1.9901	3.071	—	0.2968	0.1395 *	0.8873	4.783 *	1.1582	1.3515 *
London (b)	1.5465	—	3.0673	10.3338	2,198.50	3.458	64.135	2.6498	226.965
Milan	1,426.20	2,201.90	716.76	212.80	—	636.17	34.282	830.15	9.698
New York(c)	—	1.5525 b	1.9788	6.6655	1,417.00	2.2295	41.345	1.707	146.635
Paris	6.7035	10.354	3.3689	—	0.47 *	2.9895	0.1611	3.9012	4.557 *
Tokyo	146.35	227.21	74.10	22.00	8.1035	65.80	3.5462	85.91	—
Zurich	1.7175	2.65	0.8633	0.2564	0.1204 *	0.7658	4.1303 *	—	1.1671 *
1 ECU	1.0438	0.676	2.0772	6.9978	1,489.32	2.3409	43.4382	1.7937	153.556
1 SDR	1.2338	0.7998	2.4553	8.2704	1,759.60	2.7667	51.3394	2.1196	180.806

*Closings in London and Zurich, fixings in other centers. New York closing rates. a: Commercial franc: b: To buy one pound: c: To buy one dollar: *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	615.00	Fin. markka	4.479	Mex. peso	2400.00	S. Afr. rand	2.808
Austral. $	1.3125	Greek drac.	170.90	N. Zealand $	1.70	Soviet ruble*	0.6444
Austr. schil.	13.99	Hong Kong $	7.808	Nig. naira*	5.2995	Span. peseta	124.00
Brazil cruz.	2.941	Indian rupee	16.69	Norw. krone	7.236	Swed. krona	6.695
Canadian $	1.1839	Indo. rupiah	1767.00	Phil. peso	20.83	Taiwan $	25.48
Chinese yuan*	3.7221	Irish £	0.741	Port. escudo	166.05	Thai baht	25.94
Danish krone	7.7215	Israeli shek.	1.98	Saudi riyal	3.748	Turkish lira	2195.00
Egypt. pound	2.5632	Kuwaiti dinar	0.2992	Sing. $	1.9765	UAE dirham	3.6698
		Malay. ring.	2.702	S. Kor. won	662.39	Venez. boliv.	38.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5368	1.5300	1.5246	Canadian dollar	1.1872	1.1901	1.1932
Japanese yen	146.71	146.27	145.91	Swiss franc	1.7163	1.7142	1.7121
Deutsche mark	1.9875	1.9845	1.9825				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits *Sept. 7*

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8 7/8-9	7 1/16-7 3/16	7 1/2-7 5/8	14-14 1/8	8 15/16-9 1/16	5 9/16-5 11/16	9 7/16-9 9/16	8 3/4
2 months	8 7/8-9	7 1/8-7 1/4	7 9/16-7 11/16	14-14 1/8	9-9 1/8	5 9/16-5 11/16	9 7/16-9 9/16	8 3/4
3 months	8 7/8-9	7 3/16-7 5/16	7 9/16-7 11/16	14-14 1/8	9 1/16-9 3/16	5 9/16-5 11/16	9 7/16-9 9/16	8 3/4
6 months	8 13/16-8 15/16	7 5/16-7 7/16	7 9/16-7 11/16	14-14 1/8	9 1/8-9 1/4	5 1/2-5 5/8	9 7/16-9 9/16	8 3/4
1 year	8 11/16-8 13/16	7 9/16-7 11/16	7 9/16-7 11/16	13 3/4-13 7/8	9 1/8-9 1/4	5 1/2-5 5/8	9 7/16-9 9/16	8 3/4

Sources: All Reuters except ECU: Lloyds Bank. Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates *Sept. 7*

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	10 1/2	10 1/2
Federal funds	8 15/16	9.00
Com paper 90-179 days	7.59	7.59
3-month Treasury bills	7.81	7.79
6-month Treasury bills	7.51	7.80
2-month CD's	8.50	8 1/2
3-month CD's	8.45	8.45
Japan		
Discount rate	3 1/4	3 1/4
Call money	5 9/32	5 7/32
2-month interbank	5 1/2	5 15/32
3-month interbank	5 1/2	5 15/32
West Germany		
Discount rate	4 1/2	4 1/2
Lombard rate	7.00	7.00
Overnight rate	6.90	6.95
1-month interbank	7.00	7.00
3-month interbank	7.20	7.20
6-month interbank	7.30	7.30
Britain		
Bank base rate	14.00	14.00
Call money	14.00	14.00
3-month interbank	14 1/16	14 1/32
6-month interbank	14 1/32	14 1/32
France		
Intervention rate	8 3/4	8 3/4
Call money	9 1/16	9.00
1-month interbank	8 15/16	9 1/16
3-month interbank	9 1/8	9 1/16
6-month interbank	9 1/8	9 1/16

Sources: Reuters, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Asian Dollar Deposits *Sept. 7*

1 month	8 15/16 - 9 1/16
2 months	8 15/16 - 9 1/16
3 months	8 7/8 - 9
6 months	8 7/8 - 9
1 year	8 7/8 - 9

Source: Reuters.

U.S. Money Market Funds *Sept. 7*

Merrill Lynch Ready Assets
30-day average yield: 8.09
Telerate Interest Rate Index: 8.575

Source: Merrill Lynch, Telerate

Gold

Sept. 7

	A.M.	P.M.	Ch'ge
Hong Kong	360.15	359.25	— 0.50
Luxembourg	359.35	—	— 0.20
Paris (12.5 kilo)	361.85	359.59	— 1.97
Zurich	359.25	359.55	— 0.70
London	359.20	359.20	— 1.00
New York	—	359.75	— 1.25

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.

Source: Reuters.

BANQUE NATIONALE DE PARIS
Floating rate note issue of US$400 million September 1983/91
The rate of interest applicable for the period beginning 6 September 1989 and set by the reference agent is 9 1/4% annually.

BANQUE NATIONALE DE PARIS
Joint - Stock Company with capital of FRF 2.989.589.400,-
Registered office: 16, Boulevard des Italiens, PARIS (9e)
Trade Register: PARIS B 662 042 449
US$10.000 13½% 1983-1989 BONDS
GENERAL REDEMPTION
The holders of US$10.000 13½% 1983-1989 bonds are informed that all the outstanding securities will be redeemable at par on final maturity date of October 6, 1989, at the following bank offices:
- BANQUE NATIONALE DE PARIS (NEW-YORK BRANCH) - NEW YORK
- BANQUE NATIONALE DE PARIS - PARIS
- BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A. - LUXEMBOURG
- BANQUE NATIONALE DE PARIS PLC - LONDON

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
		A								
35⅝	21¾	AAR	.44	1.2	23	613u	36¼	35¾	35⅞	+ ⅛
10⅛	8⅞	ACM n	1.01	10.9	—	182	9⅜	9¼	9¼	—
11½	10⅛	ACMIn	1.260	11.0	—	859	11⅝	11⅜	11½	—
10⅛	8½	ACM M n	1.01	10.9	—	239	9¼	9⅛	9¼	—
11½	10	ACM Sc	1.26	11.3	—	1273	11⅜	11⅛	11⅛	— ⅛
9⅞	8⅞	ACMSp	1.01	11.1	—	363	9¼	9⅛	9⅛	— ⅛
18	11½	AL Lab	.12	.7	18	141	17	16½	17	+ ½
4⅛	3⅛	AMCA	.12e	3.2	25	31	3⅞	3¾	3¾	— ⅛
5⅛	4¼	AM Intl			—	880	5⅜	5¼	5¼	—
23½	20⅝	AM In pf	2.00	9.0	—	17	22¼	22	22⅛	—
96	43⅞	AMR			9	17415	87¼	82⅝	82⅝	— 4⅝
27	25	ANR pf	2.67	10.5	—	4	25½	25½	25½	— ¼
7½	3⅝	ARX			—	18	4	4	4	—
44⅛	35½	ASA	3.00a	7.0	—	120	43	42⅝	42⅝	— ⅜
22⅞	15¼	AVX	.24	1.2	9	205	20⅜	19⅞	20¼	— ¼
66	41⅛	AbtLab	1.40	2.3	17	2949	62⅛	61¼	61¾	— ½
[illegible]										
24⅞	16½	BurlnCt			11	25	23½	22⅞	23	+ ⅛
30½	21⅛	BrlNth n	1.20	4.3	8	3021	28⅜	28	28	— ½
9	7⅝	BrlNo pf	.55	6.9	—	7	8	7⅞	8	+ ⅛
51¼	27	BrlRsc	.55e	1.3	56	4025	47⅞	46⅝	46⅞	+ ¼
15¾	10	Buslnld			10	793	11⅝	11½	11½	— ⅛
		C								
33⅞	24⅝	CBI In	.60	1.9	36	55	32½	32⅜	32⅜	
221	160½	CBS	4.40	2.1	19	192	213¼	212½	212½	—
4⅝	2⅝	CCX			—	145	3½	3⅜	3⅜	— ⅛
18⅝	8¼	CDI s			17	113	17	16⅝	16⅝	— ¼
63⅞	45¾	CIGNA	2.96	4.7	10	1094	63	62¼	62⅝	+ ½
10⅝	8⅝	CIGHI	1.20	13.9	—	590	8⅝	8⅝	8⅝	
28½	15⅞	CML			13	513	25⅝	25	25	— ⅜
35⅝	21½	CMS En			9	1745	35	34½	34⅞	
88½	56	CNA Fn			10	427	86½	86	86	— ⅜
12⅞	10⅝	CNAI	1.24a	10.8	9	62	11⅝	11¼	11½	
40⅞	24¼	CNW	.20e	.5	9	117	38⅝	38½	38⅝	—
69⅝	46⅜	CPC	1.80	2.8	16	1279	63⅞	63	63¼	— ¾
29¾	17⅝	CPI	.40	1.4	16	120	28⅝	28	28¼	
14⅝	10⅛	CRIIM	1.86e	17.5	3	162	10⅝	10½	10⅝	— ⅛
15⅝	10⅞	CRI II	1.34e	11.4	7	70	11⅞	11½	11¾	+ ⅛
16	12¼	CRI III	1.68	12.7	9	226	13½	13¼	13¼	— ⅛
43¾	20¾	CRSS s	.24	.6	18	22	41¼	41	41	
38⅝	25⅝	CSX	1.24	3.4	10	2582	37¼	36⅝	36⅝	— ⅝
25½	20¾	CTS	.75	3.1	—	21	24⅝	24⅜	24½	
18⅝	9⅝	CUC Int			—	212	14½	14	14	— ¼
5½	3⅝	C 3 Inc n			—	29	4⅜	4⅛	4¼	— ⅛
16⅝	10¼	Cabtrn n			—	496	10⅞	10⅝	10⅞	+ ⅜
45½	35½	Cabot	1.04	2.7	15	153	38½	38¼	38¼	— ⅛
43¼	21¼	Caesar			14	885	38⅞	38½	38⅝	— ⅛
8	6⅝	CalFIP	1.00	13.3	—	85	7½	7¼	7½	+ ⅛
28½	20⅛	CalFed	1.40	5.1	5	1574	27⅝	26⅞	27½	+ ½
6⅞	3½	CalRE	.60	15.5	—	32	3⅞	3¾	3⅞	
17⅝	12¾	Callhn			—	55	14	13⅞	13⅞	—
33⅞	26½	Calmat	.56	2.1	14	260	27	26⅝	27	—
3⅝	1½	Calton			5	437	2⅛	1⅞	1⅞	— ⅛
24⅝	11⅜	Cammi	.04	.2	28	1253	23⅝	23¼	23⅝	+ ⅜
56	39½	Caml pf	3.50	6.9	—	631	51⅝	50½	50¾	+ ⅜
1⅝	⅝	CmpR g			—	312	¾	11/16	11/16	— 1/16
60⅝	36¾	CampSp	.92	1.9	23	2496	49⅞	48½	48½	— 1⅜
24⅞	15⅞	CanPc g	.76		—	3790	23¼	22⅝	22⅞	— ⅜
10	8½	CnlCa pf	1.30	14.6	—	35	9	8⅞	8⅞	—
[illegible]										
24⅝	17	Toro	.48	2.1	11	977	23⅝	22½	22⅞	— ⅝
26¼	14⅝	Tosco s	.60	2.6	17	1738	23	22½	22⅝	— ⅜
67	38½	Tosco pf	2.37	4.0	—	64	60	59	59⅝	+ ⅛
26	17¼	TotlSys			37	8	24⅝	24¼	24⅝	+ ⅛
36¼	23¼	ToyRU s			25	5255	35⅜	35	35⅛	— ¼
9⅝	4⅝	Tramel	.70	13.0	—	127	5⅝	5¼	5⅜	—
17¼	14⅝	TWA pf	2.25	13.2	—	101	17⅛	17	17	—
45⅝	30⅝	Transm	1.88	4.3	9	902	44⅜	44¼	44¼	— ⅜
25⅝	20¼	Tranlnc	2.16	9.3	11	26	23⅛	22⅝	23⅛	+ ½
14⅝	9	TrCda g	.68	4.8	—	242u	14⅝	14⅛	14¼	+ ⅛
8¼	5⅝	Trnscap	1.30e	21.2	88	33	6⅛	6	6⅛	+ ⅛
50¼	30⅝	Transco	1.36	2.8	—	1456	48⅞	47⅞	48¼	+ ⅜
54¼	47	Trnsc pf	4.75	9.0	—	37	53	52¾	53	
13½	5½	TranEx	9.50c	—	16	1004	13½	13⅛	13⅜	+ ⅛
3⅞	1⅞	Transcn			—	62	2⅛	2	2	—
102	97	TrGP pf	8.64	8.7	—	z100	99½	99⅛	99⅛	+ ⅛
26¾	25	TrGP pf	2.50	9.6	—	1	26⅛	26⅛	26⅛	— ⅛
20	15⅝	TrnsTec	.96	6.1	17	250	15¾	15½	15⅝	— ⅛
45	33⅞	Travler	2.40	5.7	11	1314	42¾	42⅛	42¼	—

(Continued on next page)

NYSE Highs-Lows

NEW HIGHS 76

AAR Cp, BancFlorida, ChasMn pfH, Conseco pf, CyprusMin s, Enron, FedNMtg wt, GenMotors s, GoldWstFin, HuffyCp, LeggettPlat, Mobil, OnLine, PacEnterp, PhilVanH, ReadgBte wl, SPX Corp, ThaiFd n, Unocal, AmFamily, BritSteel wi, Chevron, Constar, CypresMn pf, Enron cv pfJ, FstWachov s, GaGulf s, GtNorIron, IndiaGwth, Manville n, MorgnSt s, OrionCap, Phelps Dod, PilgRegBk n, RobrtsnH, SabineRy, ThermoEl, WellsFargo, AutoData, Centel s, CwE 724pr, Crane, DetE 275pr, FedHmeLn, FirstFed s, GaPw 275pf, GtWnFin, ItalyFd, Manvile wt, NatSvcInd, OrionCp pf, PhEl 128pf, PubSvc Col, Rockwel, SallieMae s, TrnCdaPipe g, Whitehall, BakerHugh, ChasMnh 760, ConnEngy, Curtiss Wrt, DiagPd s, FedNat Mtg, GalvstHou, Gillette, HomeFed, KCPL 435pf, McKesson pf, NortonCo, OryxEngy n, PhillipsGlo, QMS Inc, RohmHaas, StonerdgeRs, UniFirst, Woolwth pf

NEW LOWS 18

Allergan n, HiYldInco, LIL Co pfK, NwAmShoe n, US Home, BarclyBk pf, HiYldPlus, LIL Co pfW, PrimeCm, WheelbTc n, ComPsyc wi, HomeIns pf, LIL Co pfS, Reece Co, HiShear s, ImpCpAm, Mohasco, SpartonCp

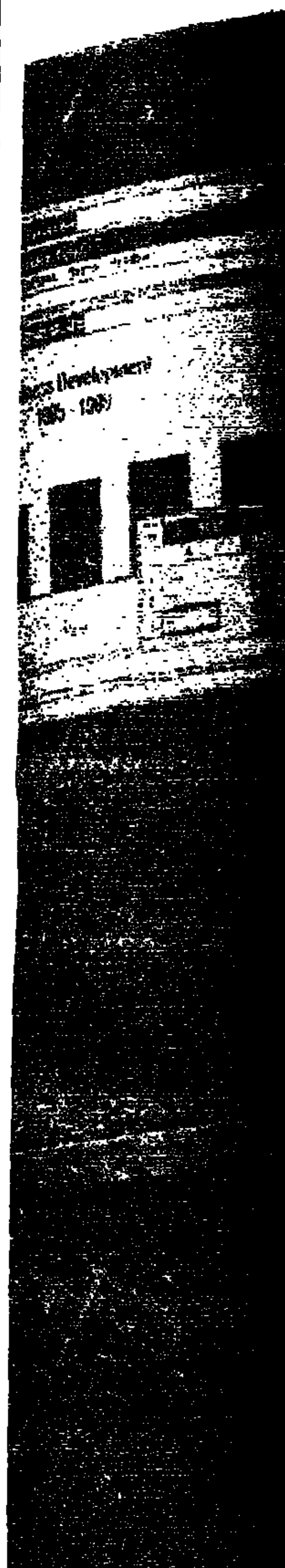
AMEX Highs-Lows

NEW HIGHS 34

AMC Ent s, AmTr-bmy sc, AmTr-mob prm, BarryRG, Commtron, JanBell s, NorexAm, SikesCp, Weathrd pf, AlzaCp, AmTr-chv sc, AmTr-mob sc, BergstrmCap, CurticeBrn, Kerkhoff, OrioleHme A, Thermedics, WorthenBk, Alza un, AmTr-pe prm, Atari, CitadelHld, DevonEng pf, KirbyExp, Quaker Fab, Viatech, AmTr-an sc, AmTr-am sc, Badger Mtr, CitzFst s, Insteel s, NantuckIn, RiedelEnv, Watsco A

NEW LOWS 12

AmBiltr n, DataProd, OSullivan s, ArizCommrcBk, ElectrSnd, PresReal A, BayouStl, Iroquois Bd, TII Ind, BuellInd, OdeticsA, WCI Hld pf



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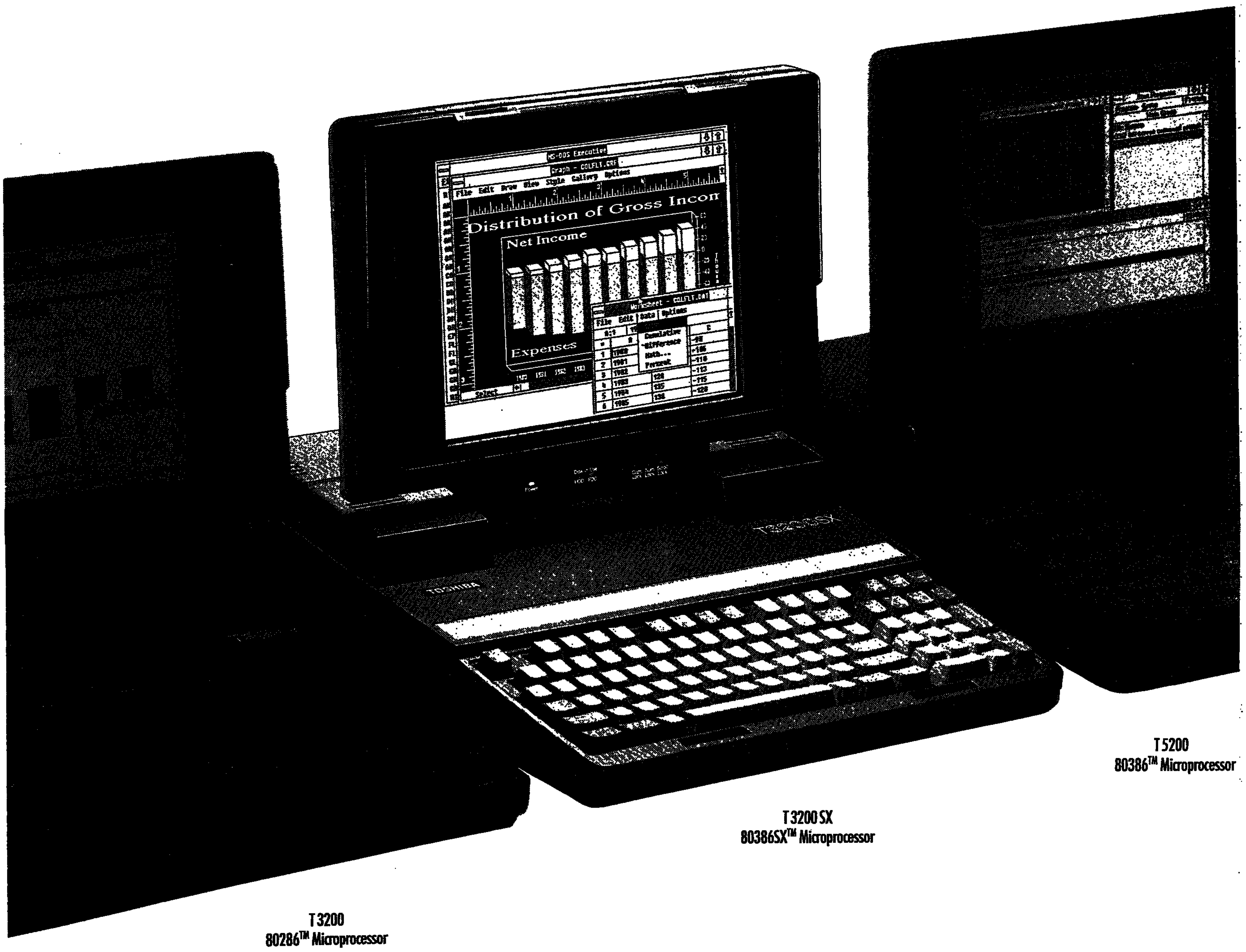
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T3200
80286™ Microprocessor

The new Toshiba T3200SX is built to do office work. It combines the full function of a desktop computer – large memory, fast hard disk, high-resolution VGA graphics, full-function keyboard, and internal industry-standard expansion slots – with the added advantage of portability. So you can take your computer down the hall to the conference room. Or home with you after hours. And since the T3200SX is based on the Intel 80386SX™ microprocessor, you can be sure you're getting an affordable PC that will run the latest office applications.

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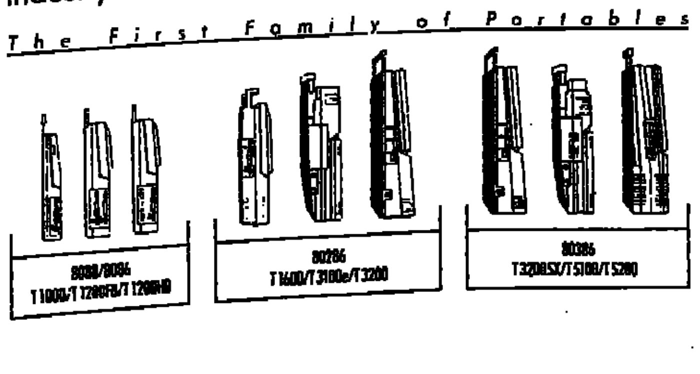
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T1600/T3100e/T3200
80386
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In Touch with Tomorrow

TOSHIBA

TOSHIBA Europa (I.E.) GmbH, Hammer Landstrasse 115, D-4040 Neuss 1, Tel.: 02101-158-0

DSM. A Dutch company facing the future with confidence.

REPORT FOR JANUARY–JUNE 1989
STATEMENT OF INCOME (CONSOLIDATED)

	JANUARY–JUNE 1988	JANUARY–JUNE 1989
	Dfl 1 million	
net sales	5,074	5,745
operating result	651	781
financial income and expense	(50)	(28)
profit on ordinary activities before taxation	601	753
tax on profit on ordinary activities	(256)	(243)
results of non-consolidated companies	40	41
profit on ordinary activities after taxation	385	551
extraordinary result after taxation	(74)	85
group result after taxation	311	636
minority interests' share in result	6	3
net result (at exchange rates as at Dec 31, 1988)	317	639
effect of change in exchange rates (as at June 30, 1989)		1
net result	317	640

"DSM expects the second half of 1989 to bring good results, though less spectacular than the first half. The Board maintains its earlier statement that, barring unforeseen circumstances, the 1989 total year profit will significantly exceed 1988".

August 1989 *The Managing Board of Directors*

DSM is one of Europe's leading chemical groups, with its headquarters in the Netherlands. At the end of September 1989 the Dutch Government will offer one third of the shares in DSM to the Dutch public and certain international institutional investors.

In February of this year a first offer of 12 million DSM shares held by the Government was considerably oversubscribed.

DSM employs 29,500 people worldwide, 2,000 of whom are involved in Research and Development.

With worldwide group sales in 1988 of over Dfl 10 billion, DSM's net profit for the year was Dfl 622 million. The profit recently announced for the first half of 1989 was Dfl 640 million.

Last year the company invested Dfl 1 billion on new installations, improvements to production processes, environmental protection and safety control in additon to acquiring companies important to the long term growth strategy of DSM. A further Dfl 360 million was spent on Research and Development, improving a whole range of already successful products and processes, as well as developing a range of know-how intensive products. In the past, literally thousands of patents have been taken out on new discoveries. These discoveries will form the basis of the company's progress well into the next century.

This emphasis on the future is typical of DSM. It's a philosophy that has seen the company achieve significant growth over the past twenty years. It is now involved in areas ranging from bulk chemicals to a variety of high grade materials, and some of its products are among the world's leaders.

DSM faces the future with confidence.

DSM

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The shares have not been and will not be registered under the US securities laws and accordingly may not be publicly offered or sold in the US or to US persons.

Polly Peck Buys Nabisco Fruit Unit

Compiled by Our Staff From Dispatches

LONDON — Polly Peck International PLC, the diversified consumer-products concern, announced Thursday that was buying the Del Monte fresh-fruit business of RJR Nabisco Inc. for £557 million ($864 million) in cash.

In New York, Nabisco said that several parties had expressed interest in buying other Del Monte businesses and that it was reviewing proposals. Nabisco was purchased last year by the U.S. buy-out specialist Kohlberg, Kravis, Roberts & Co. for a record $24.5 billion. Many of its top brands have been sold to help finance the purchase.

The chairman of Polly Peck, Asil Nadir, who owns 25 percent of the company, said the acquisition would complement its fresh-fruit activities around the world. The Del Monte unit employs 12,000 people and had 1988 pretax earnings of $79 million on sales of $600 million.

Mr. Nadir noted that Polly Peck is strong in European markets, while Del Monte's main strengths are in North America and Asia. The U.S. concern is the world's biggest producer of fresh pineapples.

The British company, which reported Thursday a sharp rise in profit for the first half, said it planned to finance the acquisition with a £283 million ($438.9 million) rights issue of new stock on the basis of three shares for every seven held.

Profit for the half rose 34 percent to £64.4 million and investors marked Polly Peck's stock seven pence higher, to 306 pence, on the London Stock Exchange, in spite of the potentially negative impact of the rights issue.

Polly Peck said sales rose to £512 million in the first half, from £314 million in the same 1988 period.

RJR Nabisco said it had not reached a final decision with any of the parties interested in other Del Monte units. These include Del Monte Foods U.S.A., Del Monte Foods Europe, Del Monte Foods Latin America, Del Monte Foods Canada and food operations in the Far East. *(Reuters, AFP, AP)*

Toyota Plans To Expand Work in Asia

Reuters

TOKYO — Toyota Motor Corp. said Thursday that it will invest a total of 30 billion yen ($204 million) in the next five years in operations in four Asian countries.

The investments in Thailand, Indonesia, Malaysia and the Philippines are designed to create a system in which auto-parts production in the region is compatible with manufacturing bases there, said Takuma Sato, a general manager for Toyota's overseas project division.

Toyota will produce steering gears in Malaysia and transmissions in the Philippines beginning by 1991, Mr. Sato said.

The plans also call for improvements in Toyota's existing operations in Thailand, which manufacture diesel engines, and in Indonesia, where gasoline engines are made.

Toyota said it has decided to move into full-scale production of parts in those countries because of persistent appreciation of the yen and high economic growth in Southeast Asia.

Output Rise Aids Enterprise Profit

Compiled by Our Staff From Dispatches

LONDON — Enterprise Oil PLC's first-half profit rose 33 percent, boosted by increased petroleum production and crude oil prices, the company said Thursday.

Pretax income in the first half of 1989 was £63.7 million ($98.8 million), up from £47.9 million in the first six months of last year. Revenue rose 32.6 percent, to £131.2 million, while net profit was £51.6 million, up 18.9 percent.

The company said the average price it received for crude oil rose to £10.50 from £9.50 in the first half of 1988.

Enterprise said its results included for the first time contributions from some assets acquired from Texas Eastern Corp. of the United States. Effective Jan. 1, Enterprise bought Texas Eastern assets in Norway, Denmark, Indonesia, the Netherlands and Alaska.

The first-half figures did not include Texas Eastern's North Sea assets, which were the subject of a court dispute. On Wednesday, Amerada Hess Corp. and British Gas PLC said they had settled that disagreement with Enterprise. *(Reuters, IHT)*

Japan Orders Disbanding Of Cartels in 2 Industries

The Associated Press

TOKYO — Moving to counter charges of collusion in its construction industry, a Japanese government agency has ordered six construction firms working on the multibillion-dollar Kansai International Airport project in western Japan to disband a price-fixing cartel, officials said Thursday.

Meanwhile, in a similar move, the Fair Trade Commission, Japan's anti-monopoly watchdog, has ordered 24 shipbuilders to end a production cartel by October.

The actions indicate Japan is apparently cracking down on violators of anti-monopoly rules, partly in response to U.S. criticisms that the government has not strictly enforced those laws.

James F. Rill, assistant U.S. attorney general told Fair Trade Commission officials in a meeting Wednesday that Japan should strictly enforce the anti-monopoly law to allow free "price competition" in its market, Asahi Shimbun reported.

Mr. Rill participated in Japan-U.S. trade talks earlier in the week in which American officials said business practices such as collusion were preventing a decline in the $50 billion U.S. trade deficit with Japan.

The shipbuilders cartel was approved by the commission in 1987 to fight an industry-wide slump.

Lloyd's Has Record Profit

Reuters

LONDON — The Lloyd's of London insurance market, which reports results three years in arrears because of delays in assessing claims, said Thursday that profit rebounded in 1986 to set a record.

It put pretax profit for the year at £649.46 million ($1 billion), more than three times its profit of £195.56 million in 1985.

Chairman Murray Lawrence said the 300-year-old concern faced major changes to attract new business. "It's difficult to tell how business will develop," he said, "but what we're looking at is not just the freedoms of Europe, but a major change in the whole way in which we are likely to do business."

Mr. Lawrence said these changes will lead Lloyd's back into its traditional direct insurance business rather than reinsurance, where risks insured elsewhere are passed on to the market. "Maybe one of the factors of the 1990 and 1992 freedoms will be that we will see a swing back, in Europe at least, to more direct business," Mr. Lawrence said.

Mr. Lawrence said Lloyd's thought the most likely method for the market to gain more business in Europe was through a directive that from 1990 will allow an individual to take out insurance in another country, subject to the rules of that country.

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
A										
4½	2⅛	ABM G				60	3	2⅞	2⅞	
10⅛	9⅜	AIM SI n	.39e	4.1	—	132	9⅝	9⅝	9⅝	—
8¼	3⅝	AMC s		—	—	426u	8½	7¾	8¼	+ ⅝
2¾	1⅞	AM I wt		—	—	13	1⅛	1⅛	1⅛	— ⅛
3	2⅛	AOI	.05e	1.8	275	40	2⅝	2⅝	2⅝	+ ⅛
4⅝	1⅝	ARC g		—	—	32	3⅛	3⅛	3⅛	+ ⅛
14⅞	7¾	AT&E		—	—	130	12⅝	12⅝	12⅝	
1⅛	½	ATTC wt		—	—	2206	1¼	1⅛	1⅛	—
11	3	ATI		—	37	53	8⅝	8½	8½	—
55½	38½	ATT Fd	2.27e	4.2	—	71	53⅝	53⅝	53½	— ⅛
16⅞	8	Abloma								
...	...	[illegible]								
66½	34½	Wesco	.78	1.2	17	34	65⅛	65⅛	65⅛	— ⅝
10⅝	7	Wstair n		—	13	15	8⅛	8	8	— ⅛
2¾	1⅝	WstBrC		—	—	11	2	1⅞	1⅞	— ⅛
9⅝	6⅛	Westcp	.05e	.5	14	230	9½	9¼	9½	—
15¼	8½	WDigitl		—	—	1542	9⅞	8½	8⅞	+ ¼
21	17	WIRET	1.38	6.9	17	42	19⅞	19¾	19¾	—
15¼	12⅝	Wicks pf	2.50	18.2	—	84	13¾	13¾	13¾	—
1	⅛	Wick wt		—	—	84	⅛	⅛	⅛	—
4½	1⅝	WinstRs		—	—	6	2	1⅞	1⅞	— ⅛
13¼	11½	Wolfin	1.85e	15.6	8	33	12¾	12⅝	12⅝	—
54	46½	WisP pf	4.50	9.0	—	z10	50⅝	50⅛	50⅛	—
10¼	8½	Wtdinc n	1.03e	10.7		407	9⅝	9⅝	9⅝	—
16½	7¼	Worthn		—	23	132u	11¼	10½	11	+ ⅜
1⅞	⅜	YraCo wt		—	—	49	1½	1⅜	1⅜	—
2⅞	⅜	YankCo		—	—	21	1⅝	1⅝	1⅝	—

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
17½	12⅝	Tredgr n	.06e	.4	—	103	17¼	17⅛	17⅛	— ⅛
24⅞	19⅝	TriCon	2.08e	8.5	—	369	24⅝	24½	24½	—
30¾	26½	TriCn pf	2.50	8.5	—	14	29¾	29¼	29½	— ⅛
63⅛	35¾	Tribune	.88	1.5	20	1505	59½	58	59½	+ 1½
46	27¼	Trinty	.80	1.9	26	2554	43½	42⅝	43⅛	+ ⅜
30⅝	24½	Trinova	.68	2.4	12	511	29⅝	28⅞	28⅞	— ½
17	13	TritonG		—	8	58	16	16	16	—
16⅝	9⅝	TritEng	.10b	.6	12	415	16⅝	16¼	16⅝	+ ⅛
24½	18	TritE pf	2.00	8.4	—	19	23¾	23⅝	23¾	+ ¼
54½	23¾	TucsEP	1.60	6.8	5	1280	23¾	23⅝	23½	—
13⅜	7⅛	Tultex	.36	3.0	19	1325	12	11⅝	12	+ ⅜
35	26⅛	TwinDs	.90	2.9	9	7	31⅛	31⅛	31⅛	—
49¼	32⅝	TycoLb	.28	.6	20	493	47¼	46⅝	46⅞	— ⅜
5⅝	5	Tyler n		—	—	49	5¼	5	5	— ¼
U-V										
294	89½	UAL Co		—	18	10055	287⅞	280¼	282	— 4⅞
28⅝	25½	UDC pf	3.75	13.6	—	307	27⅝	27⅜	27½	—
27	17⅝	UDC	2.40a	9.3	6	271	25¾	25⅝	25⅝	—
25¾	24⅝	UDC pf		—	—	59	25⅛	25	25⅛	—
...	...	[illegible]								
12⅞	7⅜	Ultmte		—	—	68	9¼	9⅛	9¼	—
35¾	23⅞	UniFrst	.20	.6	17	28u	36	35½	36	+ ⅝
43¼	30	Unilevr	1.20e	2.9	13	55	41⅞	41⅜	41⅞	— ⅛
74½	52⅞	UniNV	2.06e	2.9	13	797	71⅞	71½	71⅞	—
41⅞	31	UnCmp	1.48	3.8	9	1085	40⅛	39⅝	39⅝	— ½
33¼	22	UCarb	1.00	3.4	5	5169	30⅛	29⅝	29⅝	— ⅜
17½	9	UnionC		—	12	70	16⅞	16⅛	16¼	— ⅛
27¼	22⅝	UnElec	2.00	7.4	11	406	27⅛	26⅞	26⅞	— ¼
49½	44	UnEl pf	4.50	9.4	—	z100	48	48	48	—
91½	79	UEl pfH	8.00	8.9	—	z100	90	90	90	+ ¼
17¾	12¼	UnExp	1.65e	9.5	19	143	17½	17¼	17⅜	+ ¼
81	55¼	UnPac	2.20	2.8	14	x2056	79¼	77⅝	78	— ⅜
15⅝	12½	UPinfr s	.48	3.2	11	48	15⅛	15	15⅛	— ⅛
17⅛	9¼	UnTex	.20	1.2	11	858	16⅞	16¾	16⅞	—
22½	13	UnitedF	.44	2.1	6	132	21⅛	20⅞	21	+ ⅛
33⅝	19⅝	Unisys	1.00	4.7	13	6265	21¾	21½	21½	— ⅛
59⅝	43	Unisy pf	3.75	8.3	—	1128	45¼	45	45	—
3⅛	1⅛	Unit		—	—	250	2⅞	2¾	2¾	—
21½	12	UAM	.32	1.6	22	181	19½	19¼	19½	+ ⅛
19⅞	12⅞	UBrand	.20	1.2	10	207	16⅝	15⅝	16⅛	+ ⅜
31⅜	21¾	UIllum	2.32	8.1	6	219	28⅞	28¾	28¾	— ⅛
23⅝	20	UIllu pr	2.20	9.6	—	z500	23	23	23	+ 1
15⅝	12⅞	UnitInd	.64	5.1	15	113	13	12½	12½	— ⅛
31⅞	20⅝	UnitInn		.8	—	13	28⅝	28⅝	28⅝	— ⅛
10⅝	8⅝	UKing	.26e	2.5	—	78	10¼	10⅛	10¼	—
5⅝	2⅝	UtdMM		—	—	1015	3⅞	3¾	3¾	— ⅛
2⅞	1⅛	UPkMn		—	—	51	2	1⅞	1⅞	—
54⅝	33	UsairG	.12a	.2	10	4829	49⅞	48	48⅝	— 1⅛
...	...	[illegible]								
29	23⅞	WashGs	1.96	7.0	12	111	28	27⅞	28	+ ⅛
29⅞	24	WshNat	1.08	3.9	—	278	27¾	27⅝	27¾	—
30⅝	26	WshWt	2.48	8.4	11	74	29⅝	29⅛	29⅝	—
60⅛	38	Waste	.40	1.0	26	2897	59⅝	58½	58⅝	— ⅞
27⅝	22½	WatkJn	.48	1.9	10	750	25¼	24⅞	25	+ ⅛
10¼	6⅞	Waxmn	.12	1.2	13	22	9⅞	9⅝	9⅞	+ ⅛
3	1½	WeanU		—	—	14	2⅞	2¾	2⅞	—
8¾	6⅛	Wean pf		—	—	5	7½	7½	7½	+ ⅛
16½	9⅞	WebbD		—	—	398	10⅞	10⅛	10⅞	— ⅛
7¾	1⅛	Wedgtn		—	—	53	1½	1⅜	1½	+ ⅛
31⅛	24⅞	WeinRl	1.76	5.7	27	489	30⅞	30½	30⅞	+ ⅛
15⅝	13⅞	Weirt n	.16e	1.1	—	34	14¼	14⅛		—
...	...	[illegible]								

Floating-Rate Notes

Sept. 7

Dollars

Issuer/Mat.	Coupon	Next	Bid	Askd
Cbc Perp New	8.998	22-12	99.77	99.87
Bk Greece Mar 99	9¼	-	99.54	99.44
Ribera Perp	10.443	18-09	99.40	99.70
St Of Victoria 99/04	9.55	27-12	99.89	99.99
First Interstate 94	9.263	08-01	99.25	99.45
Cba Jun 2000	9.388	29-12	99.88	99.98
Mellon Jul 94	9⅛	16-10	99.50	99.75
Alaska Finance Jul01	8.788	17-01	99.51	99.61
Alberta 93	9.094	13-12	100.06	100.16
Alb Perp	9⅝	22-11	88.25	88.75
Alb Perp Cap	9⅝	31-10	86.25	86.75
American Express 97	9½	29-09	99.00	99.25
Amex Sab 06Mar99	9⅛	04-10	98.45	98.70
Anz Perp	10.338	31-10	88.58	89.08
Anas 90	9⅝	18-12	100.18	100.28
...	[illegible]			

Issuer/Mat.	Coupon	Next	Bid	Askd
Cr Lyonnais 2000 Jul	[illegible]			
Cr Lyonnais Jun92/96	[illegible]			
Cefb Perp	[illegible]			
Dkb Frcd Sept91	[illegible]			
Den Danske Bank Perp	[illegible]			
Dnc Perp (Conv)	[illegible]			
Dnc Perp	[illegible]			
Denmark Aug96	[illegible]			
Dev Fin Corp Nz Perp	[illegible]			
Dresdner Fin 93	[illegible]			
Dresdner Fin 92	[illegible]			
Dresdner Fin 91	[illegible]			
East River Aug93	[illegible]			
Enel 08/05 (Mthly)	[illegible]			
Eni 93	[illegible]			
Eib Nov 96	[illegible]			
Ferrovie May 97	[illegible]			
Ferrovie 94	[illegible]			
Fidelity Fed Oct 92	[illegible]			
R Fleming Perp	[illegible]			
Fortune S+L 92	[illegible]			
...	[illegible]			

Pounds Sterling

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Deutsche Marks

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Source: Credit Suisse-First Boston Ltd.

INTERNATIONAL REAL ESTATE MARKETPLACE

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PURCHASE YOUR PORTUGUESE OR Spanish property through an offshore company. Ask a professional. Free brochure: Gautaland Group, POB 629, Gibraltar. Fax: 350-70101. Tlx: 2110 G Group GK. Tel: 350-79013 / 79038.

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57 registered lots plus 60 acres undeveloped in preliminary plat. Opposite Boyne Highlands Golf & Ski Resort located in Harbor Springs, Michigan's most exclusive resort area. Surrounded by 5,000 acres of protected state land, this package includes paved roads & underground wiring in beautifully wooded surroundings. $500,000 Firm. Call (313) 646-9273 USA.

Vanderbilt Beach! 6 condos. Asking $1,550,000. All fully furnished. Inside parking. 6 rooms. Each 2½ baths. Excellent condition! Great investment for a group. Has excellent time share potential!! For more details send self addressed envelope and $6.00 US to: Sandcastle Villas, 9524 Gulf Shore Drive North, Naples, Florida 33963 USA.

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REAL ESTATE INVESTMENTS
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REAL ESTATE FOR SALE

CANADA

WINNIPEG, CANADA
Luxury Waterfront Apartment Building. 18 storeys, 182 units, 177,000 sq.ft. $10,000,000 CDN. Contact: REALTECH REALTY CORPORATION Tel:604-684-2201 Fax:604-684-2930.

LAND FOR SALE - Good investments or build your dream homes in beautiful Ville De St. Basile-Le-Grand, Quebec, Canada. 6,500 sq.ft. & 7,617 sq.ft. respectively. Write or phone: Agnes Ayodeji, 960-12 Debra Ave., Ottawa, Ontario, Canada K2C 0J4, (613) 723-2625

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JOHN TAYLOR S.A. FRANCE
- COTE D'AZUR -
In an "Art Deco Style Villa" 500 m from Monaco, unique flat, 190 sq.m. living area: entrance hall 60 sq.m. with magnificent columns, living room with sculptured fireplace opening onto a large terrace of 40 sq.m. Panoramic sea view from Cap Martin to Cap Ferrat. 2 bedrooms with open fireplaces, balcony, sea view. Bathroom, kitchen and guest washroom. Parking.
Price: FF 5,500,000
Tel: France 93.50.30.70, fax 93.25.86.72

31 sq.m. terraces. 33rd floor, superb view on Cap Martin, sea and town. Parking + cellar.
Price FF 10,200,000.
Tel: France 93.50.30.70, fax 93.25.86.72.

CAP FERRAT
Modern one level villa. 5 bedrooms, 4 bathrooms, large sitting and dining room with terrace. Seperate staff apartment. 400 sq.m. living area + over 5,000 sq.m. garden with swimming pool. Sea view.
PARK AGENCE INTERNATIONAL
Le Park Palace
Tel: 93 25 15 00 Fax: 93 25 35 33
MC 98000 MONACO

COTE D'AZUR
VILLEFRANCHE SUR MER PENTHOUSE
Residential, pool, panoramic view, double living, 2 bedrooms, 2 baths, kitchen, 40 sq.m. terrace + 1 independent studio, 1 double garage.
F3,500,000
AGENCE BOVIS
B.P. 63, 06310 Beaulieu
Tel 93.01.00.36. Fax 93.01.15.93

LES ARCS SUR ARGENT (VAR) 20 kms sea. Villa, 4 bedrooms, kitchen, dingin room, lounge, 2 W.C.'s, bathroom, shower room, 2 car garage. 600 sq.m. enclosed land. F900,000. Tel: 94 47 44 63 anytime.

REAL ESTATE FOR SALE

FRENCH PROVINCES

BOURGOGNE-VEZELAY
XV-XVIth CENTURY FORTIFIED MANOR
EXCEPTIONAL CONDITION - VIEW
4.5 ha of which 2.5 is walled in.
Exceptional charm
Large receptions, 6 bedrooms, 4 bathrooms, outbuildings.
Price: F3,500,000
Tel: (33) 86.33.42.83 / (33) 80.67.51.51.

CANNES
'La Croix des Gardes' - Villa 'Le Galion' 66 Bd du Soleil. Sea view, impeccable 2-room to 4/5-room flats, luxurious construction, calm, pool, terrace, garden. Available 1990. Visit by appointment.
SORIM
383 Bd G. Courteline, 06250 Mougins
Tel: 93.90.03.01

LAND FOR SALE - EXCEPTIONAL
- In Nice, Plaine du Var, strategically located
- 15,000 sq.m. with construction permit
- as a whole or in lots
- ideal for development/investment, various commercial activities; offices, hotels, etc...
TEL: 93.87.37.34
FAX: 93.88.55.51

CAP MARTIN
MONACO
200 sq.m. villa, 7 rooms, 2 bathrooms, washroom, pool, sauna, garden with automatic sprinkler, 1000 sq.m. land. EXCEPTIONAL VIEW. F4,500,000.
Tel: 93.41.37.48.

COTE D'AZUR. NICE AREA 20 min from Nice airport. Panoramic sea and mountain view, luxurious villa, provencal style, large living, fully equipped kitchen, 3 bedrooms, 3 baths, terraces, 2-car garage. Swimming pool. Beautiful 2,000 sq.m. garden. FF2,900,000. Call Owner on 93.08.64.73 or 93.62.60.82.

FOR SALE - 40,000 sq.m. in the hills behind Nice less than 30 minutes from Nice International Airport with two existing houses (one ready for habitation) plus planning permission for a camping site to include 20 mobile homes, 30 caravans and 70 tents. For further particulars, fax Monaco 93.50.15.43.

BEAUTIFUL LAND FOR SALE 10,000 sq.m., exceptional view on the sea and Cap Martin, very residential area, 1 km from Monte Carlo. Construction permit for four villas with a total surface of 1100 sq.m.. Price: F5,900,000. Directly from owner. Please write to Havas, Monte Carlo No: 1426

BEAULIEU COTE D'AZUR
Exceptional. Splendid 300 sq.m. property, landscaped park of 9000 sq.m., pool, caretaker's house, 3 garages. Fairy-like view: Beaulieu, Cap Ferrat, Villefranche. Price: FF 12 Mio. Contact: MONDIAL AZUR 93.89.41.14 in Nice.

45 KM SOUTH EAST TOULOUSE
For sale 105 sq.m. country house, character, living, 3 bedrooms, bath, kitchen. Outbuildings & woodded garden. Close to highway & village. 61 08 13 59 eves

S.W FRANCE, 35 km Agen, 4 km Villeneuve sur Lot, 8-room 19 cent. stonehouse, bath, shower, 2 wc's, central heating. 2,613 sq.m. treed garden, 266 sq.m. stone outbuildings. F1.3m. Tel: 53 41 91 60 Box 1031, IHT, 92521 Neuilly Cedex, France.

CANNES EXCEPTIONAL
Large 3 bedrooms apartment with sea view, situated in beautiful park, justified price, for details call Agence A.F.
Tel: 93.99.34.84. Fax: 93.68.98.57

DO YOU HAVE A PROPERTY OF an apartment to sell on the French Riviera? We are one of the largest agencies with offices in Nice and Cannes. Please call us at your earliest convenience. France Promotion - 93.87.46.00, F. Jackson.

CANNES RESIDENTIAL
On the French Riviera, high class 2 & 3 roomed apartments, sunny, with large terraces, a few steps from the Croisette.
Please contact: Tel: 93.43.95.90

NORMANDY SMALL FARMHOUSE completely renovated, 100 kms Paris. Equipped kitchen, bathroom, w.c., living with fireplace, cellar. 1st floor: 3 bedrooms. 2600 sq.m. land & fruit trees. F600,000. Tel: 50 01 11 96 for plans & photos.

FOR SALE: DRAGUIGNAN Cote d'Azur, small chateau + 3 ha of land, pool, small river, very good condition. Possibility camping, hotel, etc.. F4,750,000.- Tel 94 68 50 67

REAL ESTATE FOR SALE

FRENCH PROVINCES

CAP D'ANTIBES: Exceptional Villa, 4 bedrooms, swimming pool, class, beautiful garden. $500,000. Agence de la Mer: Tel 9361 2824. Fax 9367 8842

CANNES 7KM Lovely 5 bed country cottage with horse stables & paddock. 1 acre flat land. Bargain at F2.2m. Coast & Country: (93) 451144/753107

PROVENCE Sumptuous 18th century estate, 20 ha. beautifully landscaped, pool, tennis. F20,000,000. Agency 42 28 87 27, Fax: 42 28 87 37

CALAIS, SMALL FARMHOUSE + 5600 sq.m. constructible land. Tel: 21.82.91.08.

NEAR GRASSE 3 bed, 2 bath house adjoining guest suite. Swimming pool, extensive gardens Tel:93 66 19 10.

PORT GRIMAUD Waterfront, new 4 bedroom 140 sq.m. house, pool, double mooring, garden. Tel: 93 50 05 80.

CANNES Lovely old village house, renovated with taste, 4 kms from sea. F1.28M. Coast & Country: (93) 451144.

GREAT BRITAIN

LANCASTER GATE, LONDON W9. Luxury penthouse overlooking Hyde Park, fully furnished, in a prestigious block located in one of the finest areas, close to Marble Arch, Park Lane and the facilities of the West End. Offering new interior designed accomodation having undergone total refurbishment and decoration to the highest standard. Consists of 5 beds, 3 baths (2 ensuite), shower room, luxury kitchen/breakfast room, cloakroom, spacious drawing room, dining room and two roof terraces. Full security, 24 hour porterage. Available for immediate sale. Offers in excess of £800,000. Please contact Tel No: 01 729 5734 Fax: 01 729 1374.

LARGE FAMILY HOUSE Cobham, Surrey. Immediate occupancy. Living room with fireplace. Dining room. Study. Large family room off eat-in kitchen. 6 bedrooms. 3 1/2 baths. Garage. GCH. 1/3 acre garden. Quiet residential street. 30 mins Waterloo/Heathrow/Gatwick. 5 mins American & many other schools. £325,000 freehold. Tel 0372-844351.

LONDON 2 mins Hampstead Heath. Dutch owner returning to Holland sells attractive family house in excellent condition: Living/music room, large kitchen/diner, 6 bedrooms, 2 bathrooms, new gas central heating, small garden. Friendly quiet road near schools, shops and transport Tel: 01 485 6947 £280,000.

SOUTH CAMBRIDGE. Accessible routes London. 11 room house, 3 floors. Attractive freehold property off main road, exceptionally well situated, open views. about ½ acre. Price £450,000 negotiable. Enquiries: Black Horse Agency, Downing Street, Cambridge.

BEAUTIFUL LONDON FLAT (W2) With lockable parking. 2 beds, balcony. spacious & light. Large reception/dining. New kitchen & carpets. Very quiet. Bargain at £164,950 for quick sale. 01-402 5778.

IDEAL KNIGHTSBRIDGE Pied a terre, 2 bedrooms, prestige block, 24 hour porterage. Minutes Heathrow tube/Harrods. Fully fitted kitchen, marble bathroom, excellent condition £190,000 (neg). Tel London (1) 589 1100.

15 MIN. TO LONDON, 1836 character cottage, completely modernized, all equipment included. Garden. Price £87,950. Paris 45.74.16.56 (a.m. only)

ITALY

VENICE
100 yards from Palazzo Grassi
200 sq.m. luxurious flat, superb view, 3 double bedrooms + single bedroom, spacious living room, terrace fully furnished. US$ 1,600,000.

MILAN
Very centre of Milan (Via Borgonuova) 200 sq.m. luxurious top floor flat, super view, 3 bedrooms, spacious living room + garage. US$ 2,000,000.

40 mins (18 miles) west of central Milan on Ticino river national park. Very charming, newly reconverted 18th century mill house, 7 large bedrooms, 2 living rooms + swimming pool, 15 hectares park + annexed cottage. US$ 1,700,000.

For further details write to: Fibra, SPA, Via Pietro Mascagni N.15 20122 Milano
Or call Milan Italy
Tel: 02/793610
Fax: 02/76000310
Tlx: 331310 FIBRAS I

MILAN - FAIR AREA - FOR SALE: Apartment, approx. 300 sq.m. plus box. Price: $1,000,000. Please write to: Immobiliare 1829, Corso Venezia 40, 20121 Milan, Italy. Tel: (39-2) 793911. or 76006397.

PALAZZO IN UMBRIAN Village. Beautiful views. Lucrezia Borgia slept here. Rome 11/2 hours, Florence 2 hours. £175,000 Tel UK 01 351 1673.

REAL ESTATE FOR SALE

ITALY

PISA - LUCCA 17th century site, middle of wood vineyard for rebuilding. Tel: 0039-583/548148

MONACO

PRINCIPALITY OF MONACO
SPLENDID 4/5-ROOM APARTMENT WITH PRIVATE GARDEN
For sale in prestigious new building: 164 sq.m., living room, dining room, 3 bedrooms, 3 bathrooms, 2 parking spaces, storage cellar.
For further details contact the Exclusive Agent:
AGEDI
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MC 98000 MONACO
Tel: 93.50.66.00. Telex 479417 MC
Fax 93 50 19 42

PRINCIPALITY OF MONACO
Magnificent apartment, high class fittings, living room, dining room, 2-3 bedrooms, loggia panoramic sea view, facing E-S-W, calm area near all shops, 2 cellars, 2 car closed garage.
INTERMEDIA
EXCLUSIVE SOLE AGENT
MONTE CARLO
Tel: 93.50.66.84
Fax: 93.50.45.52
Tlx: 469477 MC

MONTE CARLO - MONACO
Zu verkaufen: Representative Büro raume, ca. 558 m2 - sowie 6-9 Parkplätze. Sehr zentral gelegen, ideal für Bank, Handelsfirma, etc. ...
Auskunft erteilt:
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Bureau International
Affaires Immobilières
7, Avenue des Papalins
MC 98000 MONACO
Tel. 0033 93.50.19.32 Fax 92.05.91.55

JOHN TAYLOR & SON
PRINCIPALITY OF MONACO
- COTE D'AZUR -
Luxury 2-bedroom flat of 150 sq.m. plus 31 sq.m. terraces. 33rd floor, superb view on Cap Martin, sea and town. Parking + cellar.
Price FF 10,200,000.
Tel: France 93.50.30.70, fax 93.25.86.72.

REAL ESTATE - FOR SALE
MONACO
Prestigious office space.
Best location. 558 sq.m.
Parking available
For details contact:
B.I.A.I.
7, Avenue des Papalins
MC 98000 MONACO
Tel. 0033 93.50.19.32 Fax 92.05.91.55

PRINCIPALITY OF MONACO Owner sells directly in center of Monte Carlo: 2nd floor, 143 sq.m., 4 principal rooms, balcony on eastern & western facade, (30 sq.m. living + 3 bedrooms). Entrance, kitchen, closet with wardrobe, bathrooms, seperate shower, 2 WC. 2 elevators, (main and service). Staircase, cellar. Possibility to rent parking space in building. Price: FF 5 Mio. Write: G. Martini, 6 Ave du General Balfourier, F-75016 Paris.

NEXT TO MONACO
VILLA BELLE EPOQUE
Double living, 7 bedrooms, 3 baths, sauna, swimming pool, nice garden. Attractive price
BREMOND DOTTA
Tel: 93.25.50.25. Fax: 93.50.95.81

PARIS & SUBURBS

GARCHES/MARNE LA COQUETTE. Modern building, interphone, 4th floor, impeccable condition. 115 sq.m. + balcony loggia 15 sq.m. Very sunny. 3 bedrooms (2 which overlook private garden) large living room + dining room totalling 42 sq.m. with balcony overlooking Parc de St. Cloud. 2 bathrooms, 1 dressing room, 1 large entrance hall, equipped kitchen + storeroom, wine cellar + another cellar. 2 parkings. Opposite train station, 15 minutes to St. Lazare. Walking distance to American school, near St. Cloud/Longchamp Hippodrome and bois de Boulogne. Price: F2,850,000. Tel: 47.41.99.07. Direct owner.

VERSAILLES near Pieces d'Eau Suisses, beautiful Gothic chapel + annex, 200 sq.m. total + 58 sq.m. adjoining duplex & 95 sq.m. garden. Professional/residential use. Sold together/separately. Tel: (1) 47.50.44.22 after 8pm

REAL ESTATE FOR SALE

PARIS & SUBURBS

RESIDENTIAL ST CLOUD, 15 min Champs Elysees, exceptional 162 sq.m., breathtaking panoramic view on all Paris, terrace, luxuriously designed & decorated, 2 parkings, maid's room, private park. High protected private residence, 10 min from golf. Sold unfurnished for $1,000,000 or with antique furnishings & paintings to be discussed. Call owner 47 20 78 75 or 49 11 04 48

12 km PARIS - MAISONS LAFFITTE park. Large racehorse training center. 3,300 sq.m., 35 stalls, riding, clubhouse, race obstacles, dressage, offices. 5-room flat.
Price F6,000,000. Exclusivity:
A.I. ENTERPRISES
4, rue Auguste Vacquerie
75116 PARIS (1) 40.70.04.73

EXCEPTIONAL INVESTMENT
FACING EIFFEL TOWER
40 sq.m. terrace
4/5 rooms, 3 bedrooms, south/west, 1 bath, half-bath, 2 WCs. F6,900,000.- Owner: 42.25.48.67 after 7pm,

SEVRES, VILLE D'AVRAY, 92. Near railway station, 7 mins La Defense, 15 mins St. Lazare. High class building. 2nd and top floors, 78 sq.m. flat, large living + 1 bedroom, 15 sq.m. balcony, 25 sq.m. garage, cellar. Available 1st May 1990. F1.5M. Tel: (1) 46 26 27 56 evenings or weekends.

NEUILLY ST JAMES
Superb 120 sq.m., overlooking garden, surrounded by balcony, facing south, calm. Large reception, 2 bedrooms, 2 baths, 2 parkings, maid's room. Modern high class building. Tel. 42.66.44.77

MONTPARNASSE
Near La Coupole, 3 rooms, all comforts, facing south, open view.
AGER: 45 80 32 37

NEUILLY - 2 APARTMENTS with 5 rooms each, 1st and 2nd floor. Garden view both sides. South exposure, near lycée Pasteur, parking. FF 6.0 mio. each. Tel 60169198 & 40335820.

BASTILLE. 180 sq.m. duplex in quiet, green courtyard, 18th century, 2 bathrooms, parquet floors, fireplace, winter garden. F5,800,000. No agencies. 43 38 71 32 or 43 54 85 74

NOGENT SUR MARNE (94). 5 min. town/transport. 10 min. Marne La Vallee. Residential. Superb 158 sq.m. 4-bedroom house, on 686 sq.m. land. F3,700,000. Tel: 43 24 58 05

50 METERS FROM TUILLERIES, 150 sq.m. apartment, classic decoration, 4 principal rooms, maid's room, possibility parking. F6,900,000. Tel: (1) 47.20.55.57. Fax: (1) 47.20.58.26.

ILE ST LOUIS, lovely duplex + 2 mezzanines, 86 sq.m., charm, 17th cent. beams, stained glass, modern kitchen. F3.1M. (1) 47.42.50.44. or 43.25.85.59

PLACE VENDOME, LUXURIOUS 200 sq.m. apartment, all activities possible. Very high price. P.M.D. (1) 30.82.02.62

CLAMART - SUPERB HOUSE Luxurious decoration, 350 sq.m. on 2 levels, landscaped garden, heated pool, caretaker's house. Tel. 42.65.82.25.

BUTTES CHAUMONT early 20th century cafe, transformed into elegant flat, 2 bedrooms, sun, calm, private garden. Tel: 42 28 59 79

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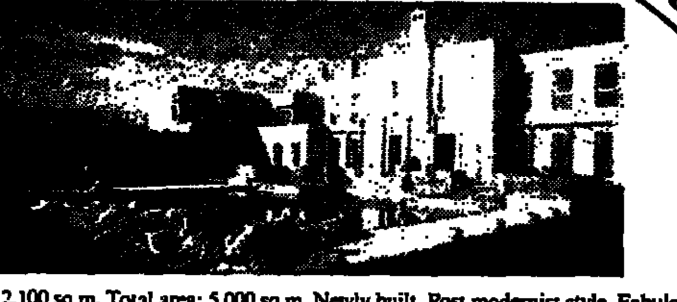

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Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

DOLLAR: *Intervention Slows but Doesn't Stop Rally*

(Continued from first finance page)

Thursday in Europe when the U.S. currency touched 1.9885 DM, up from Wednesday's London close of 1.9765.

Paradoxically, the dollar rose to 1.9920 DM immediately after the intervention, before falling later in the day to close in London at 1.9847. Dealers responded to the intervention at first by buying dollars, on the theory that the unit's overall trend was upward and that central banks were selling them at a cheap rate.

Later in New York, the dollar's rise was further eroded and it closed at 1.9788 DM, still above Wednesday's close of 1.9750.

The dollar also rose to 146.635 yen from 146.11, to 1.7070 Swiss francs from 1.7055 and to 6.6695 French francs from 6.6525.

The pound closed unchanged in New York at $1.5525.

Despite the intervention, dealers said the dollar's rise was likely to continue.

"I still think the trend is upward. I think we could be at 2 DM within a week," said Thomas Beul, money market manager for Chemical Bank in Frankfurt.

"The dollar looks quite good fundamentally. Inflation rates are heading lower, and the economy is running at a growth rate of 2 to 2.5 percent," he said.

The dollar also was helped Thursday by the Bundesbank's decision to leave leading interest rates unchanged after its biweekly council meeting. But there was speculation that the West German central bank might raise rates later in the autumn to bolster the mark.

The dollar's strength is largely the result of the perception that the U.S. economy is heading for a successful "soft landing," or a slowdown in growth that reduces inflation without triggering a recession, dealers said.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.9847	1.9765
Pound sterling	1.5465	1.5508
Japanese yen	147.05	146.40
Swiss franc	1.7140	1.7055
French franc	6.6975	6.6635

Source: Reuters

Boskin Expects Growth to Last

Reuters

WASHINGTON — The chief U.S. government economist, Michael Boskin, said Thursday that he expects sustained economic growth in the United States, with subdued inflation.

"We are very confident that we can continue this type of performance," Mr. Boskin told the U.S. Chamber of Commerce.

Mr. Boskin said the economy is likely to keep growing at the recent rate of 2 percent to 2.5 percent for the next several quarters.

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AS - Australian Dollars; BF - Belgium Francs; CS - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p - pence; Ptas - Pesetas; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; - @ Offer Price incl. 3% prelim. charge; ● - Paris exchange; ++ - Amsterdam exchange; e - misquoted earlier; x - not registered with regulatory authority

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SPORTS

Track's World Cup: Half-Full but Heated

By Christine Brennan
Washington Post Service

BARCELONA — Construction and curiosity surround this weekend's World Cup, track and field's equivalent of a season-ending all-star game at which some of the top stars aren't going to show up.

The Olympic Stadium at Montjuic, the 60-year-old arena near the Mediterranean that will be the focal point of the 1992 Games, is, almost, rebuilt from the inside out and, cranes or no cranes, will be opened Friday night for all the world to see.

What will be seen is one of the more unusual track and field competitions ever held. Superstars such as Said Aouita, Roger Kingdom, Abdi Bile and Javier Sotomayor will be in attendance. Others, like Carl Lewis, Jackie Joyner-Kersee, Sergei Bubka and Andre Phillips, will not. Some athletes will compete for their countries. Others will represent their continent.

It's only a three-day meet, because there will be no heats, only finals. There is only one competitor per country-continent in each race.

"It seems so different from the Olympic Games," said Kingdom, the 110-meter hurdler from the United States who set a world record last month. "It doesn't have the fire. It doesn't have the oomph. It's much more a meet for up-and-coming kids looking for their break. In general, I think it comes too late in the year. We're all tired."

This is the fifth World Cup, the last being held in Canberra, Australia, in October 1985. It is an event in search of an identity. The International Amateur Athletic Federation, which runs it, is wondering where it should be continued at all.

"I don't compare it to the Olympic Games or the world championships or anything like that," said Bile, who Saturday night will run the 1,500 meters for Africa. "It's a great meet, really very interesting, but it's different. Not a lot of people know what the World Cup is. It's all continents and a few countries."

It's actually four country teams and five continents, just enough to fill the nine lanes of the stadium. The United States is fielding a young team of 50 athletes, just 15 of whom were on the 1988 Olympic team. Many top stars skipped the U.S. championships in June for a variety of reasons, including illness, scheduling difficulties and conflicts with The Athletics Congress, U.S. track and field's governing body.

Two European countries have individual teams — Great Britain and East Germany for the men, East Germany and the Soviet Union for the women — based on results of the Europa Cup. All the other Europeans fill out the European continent team. Spain, as the host country, certainly not as a world track power, also gets its own team.

That leaves four more continental teams: Africa, Asia, Oceania and America, the later of which includes all North, Central and South American nations besides the United States.

The competition itself is straightforward. And, in some events, should be incredibly good.

The shot put, Friday night, has drawn the world's top three competitors. At the 1988 Olympics, Ulf Timmermann of East Germany won the gold medal on his last throw, dropping Randy Barnes of the United States to second and Werner Gunthor of Switzerland to third. They're all back together again.

"It's the first time the three of us have been together since the Olympic Games," said Barnes, who holds the world indoor mark of 74 feet, 4¼ inches (22.62 meters), while Timmermann has the outdoor record at 75-8. "It could be a meet in a small town in Austria as far as I'm concerned, as long as we're all here. We had the best competition ever at last year's Olympics and even though I had to lose, the way Timmermann won it made the event more memorable. This time, I hope the results are different."

Another field event of note is the high jump. World-record holder Javier Sotomayor of Cuba, the only man to leap 8 feet, will face Patrik Sjoberg of Sweden, the 1987 world champion who has jumped 7-10½ this year and a career best of 7-11¼.

The men's 1,500 meters might be the last time venerable Sebastian Coe, now nearly 33, runs for Great Britain. Coe is talking about running next for the House of Commons and has taken an interest in the International Olympic Committee.

But, for now, he must concentrate on Bile, the 1987 world champion from Somalia who is replacing Joseph Chesire of Kenya on the African roster. Bile, who has had a magnificent year, ran the world's best time of 3:30.55 on Sunday. Coe has run a 3:34.05 this year.

Reuters

Two English soccer fans, left, attacked a pedestrian during the rampage in Stockholm. Police, right, restrained one of the 102 Britons who were arrested.

Agence France-Presse

England's captain, Terry Butcher, needed seven stitches after colliding with the Swedish striker, Johnny Ekstron.

Another 'Disgrace' to Britain

Compiled by Our Staff From Dispatches

STOCKHOLM — Swedish police hustled hundreds of English soccer hooligans out of the country Thursday after they had ransacked shops and scuffled with rowdy Swedish youths the night before.

In Dundee, Scotland, the British prime minister, Margaret Thatcher, said Thursday that "it's really a disgrace to Britain when fans behave like that."

Afterward, Sports Minister Colin Moynihan officially asked the Football Association to cancel an exhibition match between England and Holland set for Dec. 13 in Rotterdam "in the interests of the future of English football and of the country as a whole." Dutch soccer fans also have a reputation for hooliganism at home.

Police in Stockholm said 102 Britons and 106 Swedes had been arrested before and after the World Cup qualifying match Wednesday night that ended in a 0-0 draw.

Duty officer Lennart Norden said 78 people had spent the night in jail. A few Britons and Swedes may be charged with assault and vandalism, but nearly all the foreigners were being sent home, he said, adding that "we just want to get rid of them."

Almost all of the English fans were arrested before the game as they went through downtown Stockholm, throwing bottles at police vehicles, knocking down passersby and vandalizing shops. A large group of teen-agers entered the Ahlens department store, overturning flower pots and displays of goods, officials said. Some looting was reported.

The renewed hooliganism could affect a decision by the governing body of European soccer, UEFA, to lift a ban against English clubs playing in continental matches. UEFA voted earlier this year to let the clubs return to competition as early as next year if hooliganism did not re-emerge.

The ban was imposed after English fans caused a riot that led to 39 deaths at the Heysel stadium in Brussels, Belgium, in 1985. The ban applies to English clubs, but the national team is allowed to participate in international competition.

Gunnar Skold, a spokesman, said police in Stockholm were "quite pleased" because no one was injured during the rampages. He said that, "to be fair, these Englishmen were provoked by Swedish fans. But their early arrest prevented other English supporters from causing trouble."

Some 300 police in riot gear, a rare sight on the city's usually calm streets, had moved in quickly, trapping and arresting almost 100 English fans in a narrow side street.

Police said Swedes caused most of the trouble after the match, when there were fights in the streets, window-smashing and looting.

Some 600 police at the Rasunda Stadium in suburban Stockholm had kept about 1,000 English fans isolated in a standing terrace during the game. Police said 71 people, all but four of them Swedes, were detained in the area. Dozens of the visitors were escorted directly from the stadium to trains for the west coast ports of Göteborg and Helsingborg for the return ferry to Britain. *(AP, Reuters)*

SIDELINES

Italy's Damiani Signs For Foreman Title Bout

MILAN (AP) — Unbeaten Italian heavyweight Francesco Damiani will get $1 million, the highest purse ever earned by an Italian boxer, to defend his World Boxing Organization title against George Foreman, the former world champion.

Damiani's manager, Umberto Branchini, announced Thursday that the contract for the fight was signed in Rome with American matchmaker Kedra Huddleston. The bout will be held next January, possibly in the United States.

Damiani also is to defend his title Nov. 25 against South African challenger Pierre Coetzer in Puerto Rico.

Giamatti Buried at Yale In Private Ceremony

NEW HAVEN, Connecticut (UPI) — Baseball Commissioner A. Bartlett Giamatti has been buried amid heavy security in a private ceremony in an 18th century cemetery on the grounds of Yale University.

Giamatti, a former president of the Ivy League school, was interred in Grove Street Cemetery, on the downtown campus, where most past Yale presidents are buried.

For the Record

North Carolina State basketball players illegally sold tickets and shoes and accepted favors from boosters in violation of rules, the NCAA charged in allegations released Wednesday by university officials. *(UPI)*

Liam Brady, one of Ireland's most popular players, announced his retirement from international soccer after making his 71st appearance for his country on Wednesday. *(Reuters)*

Pertti Karppinen, Finland's triple Olympic champion, had his hopes of a third world title at the age of 36 ended Thursday at the world championships in Bled, Yugoslavia, when he lost in the single sculls semifinals to Yuri Iaanson of the Soviet Union. *(Reuters)*

Ruud Gullit, the Dutch star of AC Milan, said he won't play again for at least four months because of a lingering knee injury, the Amsterdam newspaper Het Parool reported Thursday. *(AP)*

Oregon, which advertises itself with the slogan, "Things look different here," Wednesday became the only U.S. state to set up shop as an official bookmaker for professional football games. *(NYT)*

BOOKS

REINVENTING SHAKESPEARE: A Cultural History, From the Restoration to the Present

By Gary Taylor. 461 pages. $29.95. Weidenfeld & Nicolson, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Michael Dirda

AMONG the dividends of Gary Taylor's exhilarating "Reinventing Shakespeare" — a roguish study of "the mechanisms of cultural renown" — is learning how a shadowy, half-forgotten Elizabethan dramatist was raised to a seemingly unshakeable position as the Sun King of English literature.

No bardolater, Taylor maintains that Shakespeare's privileged status derives as much from social and political forces as from his virtuosity as a wordsmith, play doctor and theatrical jack of all trades. He hopes that his book-length work of lèse-majesté will free readers from culturally conditioned responses of awe, humility, even downright sycophancy: Stratford's favorite son grew into a big, big star, at least partly because he was useful to the largely conservative powers that be.

One hardly expects a renowned textual scholar to talk so flippantly about the man who, metaphorically, signs his paychecks. But then Gary Taylor must be used to controversy. Still under 40, he spent nine years as one of the two principal editors of the radical Oxford Shakespeare. He (and Stanley Wells) swept through the works, ridding the plays of extraneous accretions and dubious emendations. For the first time in centuries, Falstaff was called Sir John Oldcastle; the play traditionally known as "Henry VIII" was again titled "All Is True"; and "King Lear" appeared in its two different versions, rather than as a single homogenized text.

Even as bard watchers were steeling themselves to withstand these blows, Taylor unexpectedly announced that he had discovered a new poem by the upstart crow (as contemporary Robert Greene called Shakespeare), the excruciatingly bad "Shall I die?" More alarums, a few trumpets. "Reinventing Shakespeare" won't quiet any restless classrooms.

Take its quick, lively style: Taylor doesn't write prose, he runs with it. His sentences flash by, pausing only to make a pun or deliver a stabbing epigram. Falstaff, he remarks, is "intellectually multiplicitous, unputdownable, noncircumscribable." Halfway through his book, he admits that "there can be, now, no pretense of objectivity or aesthetic distance" and near its end delivers this startling assessment: "What I dislike about Shakespeare's comedies — and tragedies — is their softness, their central mushiness, their inevitable 'love interest,' their wholesomeness."

In an especially brilliant section on the Victorians, Taylor turns up the common roots of early textual studies and the crackpot theories of Delia Bacon (who promulgated the theory that Francis Bacon wrote the works; one of her contemporaries even believed "that Shakespeare's only contribution had been to interpolate obscene passages into plays written by someone else"). As Taylor shows, both movements question the received texts; both approach them as problems, even riddles; and both use word analysis and cryptography to unravel the truth about disputed authorship.

Today, of course, most anti-Stratfordians favor the Earl of Oxford as the true author; this fashionable candidate Taylor links to a modern stream of criticism that assigns the first performances of Shakespeare's plays to special occasions, aristocratic weddings, royal command performances. Both are deeply elitist views, suggesting that the playwright must have been a courtier-humanist-intellectual rather than a practical dramatist who wrote for ordinary people.

"Such readings," says Taylor with a characteristic blend of scholarly insight and populist passion, "always presume or create a disjunction between the apparent meaning of the text, perceived by the mass of readers and spectators, and the real meaning, perceptible only to a smirking connoisseur. Irony embraces snobbery."

Michael Dirda is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

TWO Brazilian players, Marcelo Branco and Gabriel Chagas, sat East and West and solved a very difficult defensive problem. If West had chosen a one-spade overcall, North would have had a negative double and South would have rebid hearts, showing at least a six-card suit. North would have raised to game. If West played three rounds of diamonds, he would be in trouble when four rounds of trumps are led. West can throw a spade and club safely, but is then squeezed: whichever black suit he discards will allow South to score an extra trick. Chagas saw this coming, and shifted to a low club at the second trick. South put up the king in dummy, and put on pressure by leading four trump winners. On the next trump lead Westcould not spare a black card, which would have given South a trick, nor could he afford the diamond king, allowing dummy's eight to be developed. But he did throw the diamond ten. Dummy gave up a diamond, as did East. A diamond gave West the lead, and he was still in danger of being squeezed. That would have been his fate if he continued with a low club to his partner's queen, but he found the spade eight. South won with the nine, and if he had led his last heart West would have thrown the club ace. So South led a club. But East was able to win and play his spade, cutting the North-South communications and thwarting West. South could have done better against this clever defense: When West threw the diamond ten, he should have parted with a club from dummy, not a diamond. The lead of the last trump would then administer the coup de grâce.

NORTH
♠ A 10 7 3
♡ K 4
◇ J 8 4
♣ K 10 8 7

WEST
♠ Q J 8 5 2
♡ 3
◇ A K 10
♣ A 9 6 4

EAST
♠ 6 4
♡ 8 7 6 5
◇ Q 7 5 3 2
♣ Q 5

SOUTH (D)
♠ K 9
♡ A Q J 10 9 2
◇ 9 6
♣ J 3 2

North and South were vulnerable.
The bidding:

South	West	North	East
1 ♡	Dbl.	Redbl.	2 ◇
2 ♡	2 ♠	4 ♡	Pass
Pass	Pass		

West led the diamond ace.

PEANUTS

I'M GOING TO BE IN A RACE TOMORROW.. I WONDER WHAT I SHOULD EAT BEFORE THE RACE..
I'D SUGGEST A TUNA SANDWICH..
IF YOU'RE GOING TO BE IN A RACE, ALWAYS EAT SOMETHING THAT SWIMS FAST

BEETLE BAILEY

COOKIE! WE HEARD AN EXPLOSION! ARE YOU OKAY?!
MAN! WHAT A BLAST!
WHAT WERE YOU MAKING?
"CHEF'S SURPRISE"

ANDY CAPP

I'VE JUST POPPED IN TO TELL YOU I'VE MET SOMEONE ELSE—
WE'VE GOT A LOT IN COMMON. WE MET AT LANGUAGE CLASSES — HE SPEAKS SIX AND I SPEAK THREE—
THE WAY YOU CAN YATTER, I RECKON THAT'S JUST ABOUT THE RIGHT HANDICAP
GRRR

WIZARD of ID

PRO SHOP
HOW COME THESE GOLF BALLS ARE SO EXPENSIVE?
THEY GO FARTHER
PLUNK

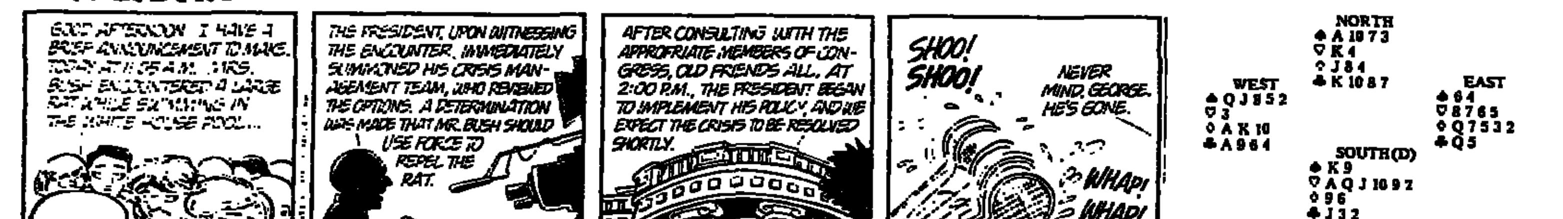
REX MORGAN

IT'S KEN AT THE HOSPITAL EMERGENCY ROOM! HE WANTS TO TALK WITH YOU ABOUT THE PATIENT TAKEN THERE BY THE POLICE!
REX, I JUST FINISHED EXAMINING THIS YOUNG WOMAN! I'D GUESS THAT SHE'S ABOUT NINETEEN, PHYSICALLY HEALTHY — NO SIGNS OF ANY PHYSICAL ABUSE! SHE DOESN'T RESPOND TO QUESTIONS ...BUT SHE MENTIONED YOUR NAME TWICE TO THE NURSE—AND ONCE TO ME!
I'LL BE OVER TO SEE HER WITH YOU!

GARFIELD

ART IS MY LIFE
VOILÀ!
I THINK I'LL CALL IT "SQUIRREL-TRACKS LEADING FROM EMPTY LASAGNA PAN"

DOONESBURY


THE PRESIDENT, UPON WITNESSING THE ENCOUNTER, IMMEDIATELY SUMMONED HIS CRISIS MANAGEMENT TEAM, WHO REVIEWED THE OPTIONS. A DETERMINATION WAS MADE THAT MR. BUSH SHOULD USE FORCE TO REPEL THE RAT.
AFTER CONSULTING WITH THE APPROPRIATE MEMBERS OF CONGRESS, OLD FRIENDS ALL, AT 2:00 P.M., THE PRESIDENT BEGAN TO IMPLEMENT HIS POLICY, AND WE EXPECT THE CRISIS TO BE RESOLVED SHORTLY.
SHOO! SHOO!
NEVER MIND, GEORGE. HE'S GONE.
WHAP! WHAP! WHAP!

DENNIS THE MENACE

"IT GOES WITHOUT SAYING... BUT MARGARET WILL SAY IT ANYWAY."

JUMBLE® THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

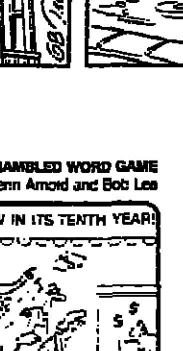
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ORPOD

GURPE

LAMORN

RAUFIN



A THEATER OWNER NEVER SUFFERS IN THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: THE " "

(Answers tomorrow)

Yesterday's | Jumbles: GUISE POUND KNIGHT EXEMPT
Answer: Their involvement with diving was only this— SKIN-DEEP

BLONDIE

WHICH OF THESE DO YOU LIKE, HONEY?
ONE IS ON SALE AND THE OTHER ONE ISN'T
I UH, AH, I THINK AH, I LIKE THE ONE ON THE RIGHT
AND THAT'S THE ONE ON SALE
WHEW THAT'S WORSE THAN RUSSIAN ROULETTE

Mets Rout
After Losin
In 2-Game

Wednesday Games

Guerrero, Drysda
Robbed by Houst

Lon
fro
nee

SPORTS

Mets Rout Cards After Losing First In 2-Game Series

Compiled by Our Staff From Dispatches

NEW YORK — Gregg Jefferies homered twice, doubled twice and drove in five runs Thursday afternoon as the New York Mets routed the St. Louis Cardinals, 13-1, while giving Frank Viola more runs than he had received in all seven of his previous starts for the team.

Jefferies doubled in the first, hit a two-run home run in the third, doubled in the fourth and hit a three-run homer in the fifth. It was the first-year player's first five-RBI game in the major leagues.

The Cardinals, who made a season-high five errors, dropped one game behind the National League East-leading Chicago Cubs, who played in Philadelphia Thursday night. The Mets closed to within three games, with the Montreal Expos two back.

The San Francisco Giants had retained a six-game lead in the West on Wednesday by beating the Atlanta Braves, while the San Diego Padres moved into second place by defeating the Houston Astros.

Viola, acquired July 31 from the Minnesota Twins of the American League, got 10 runs in his first seven starts for the Mets. This was just the third time in 15 starts since June 23 that he got more than three.

He allowed six hits in seven innings, struck out six and walked two. He also got two hits and drove in his first run in the majors.

Wednesday Games

When the two-game series began Wednesday between the two teams that dominate the NL East most of the time, the Mets had Ron Darling facing Rick Horton with Viola set to face Ted Power on Thursday.

As the Cardinals' manager, Whitey Herzog, put it, "It's two relief pitchers against two millionaires."

But with Pedro Guerrero driving in two runs and the winning run scoring in the eighth after an error by second baseman Jefferies, the Cardinals beat the Mets and the first millionaire, 3-2.

Darling, although he gave up only one earned run in 7⅓ innings, was the loser as the Mets fell for the 10th time in their last 14 games.

It was a 2-2 game when Jefferies fumbled Ozzie Smith's grounder to start the eighth. Smith raced to third on Jose Oquendo's hit-and-run single and Guerrero, who had doubled home the tying run in the sixth, hit a ground ball that sent Smith speeding home.

Phillies 9, Cubs 1: In Philadelphia, a five-run fifth proved to be a big cushion for the Phillies, and Bruce Ruffin pitched an eight-hitter for his first complete game since May 8, 1988, to beat Chicago.

Darren Daulton and Dickie Thon each drove in three runs as the Phillies pounded Greg Maddux for seven runs and 12 hits in 4⅓ innings.

Giants 7, Braves 2: In Atlanta, Will Clark reached 100 RBI with a two-run homer in the first and Scott Garrelts scattered eight hits in San Francisco's sixth victory in seven games.

After Robby Thompson singled with one out in the first, Clark hit his 22d home run this season.

He became the team's second player to get 100 RBI this season. Kevin Mitchell, who returned after missing two games with a wrist injury, has 114.

Clark also doubled with two out in the third.

Expos 11, Pirates 6: Hubie Brooks drove in four runs against Pittsburgh with a first-inning single and a three-run homer in the second inning in Montreal.

The Expos took a quick 2-0 lead against Randy Kramer, then made it 6-0 in the second. Tim Wallach had a two-run single in Montreal's four-run fourth.

Padres 3, Astros 2: In Houston, Roberto Alomar homered and drove in two runs, extending his hitting streak to 11 games, as stretched its winning streak to six.

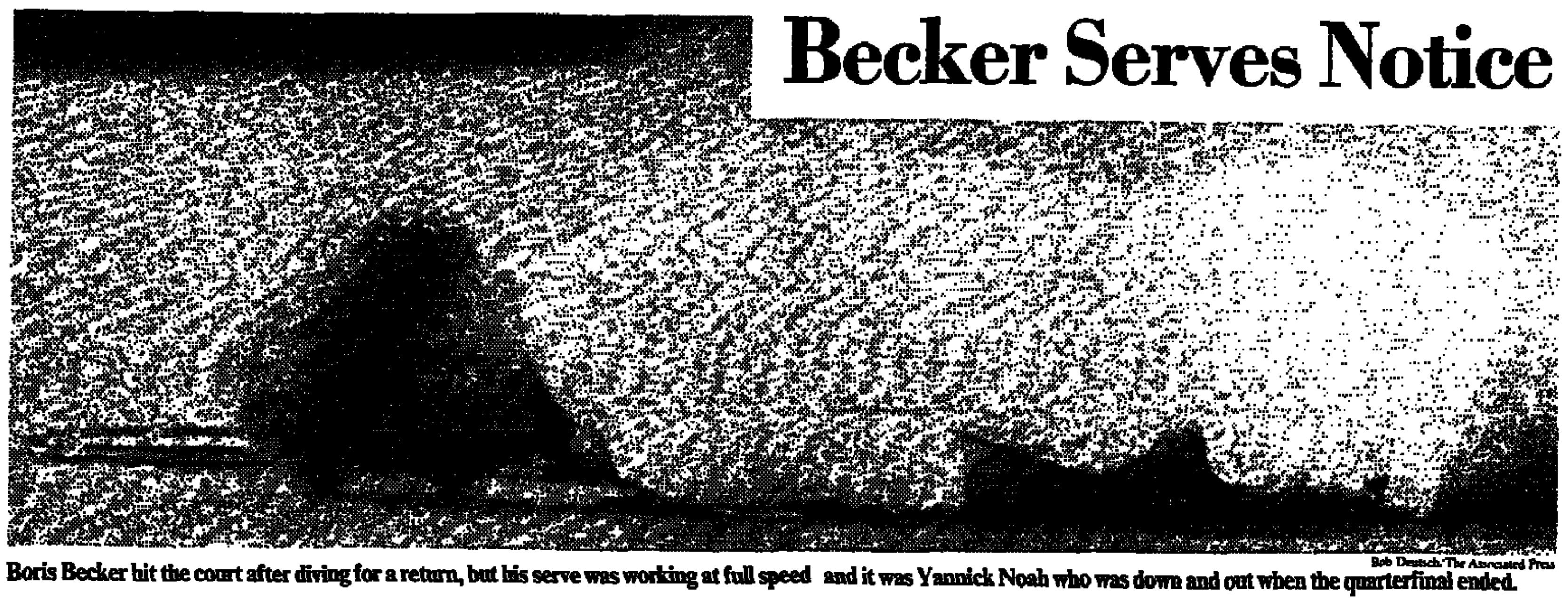
Calvin Schiraldi gave up just two hits and one run in six innings to win his debut for San Diego. He was obtained from the Cubs in a trade on Aug. 30.

Reds 9, Dodgers 5: Joe Oliver's two-run double put Cincinnati ahead in the seventh, and Jeff Richardson hit his second home run as the Reds came from behind to defeat visiting Los Angeles.

Richardson hit his second home run on the first major-league pitch thrown by Mike Munoz.

Luis Quinones homered for the Reds in the first inning, extending his hitting streak to 14 games and ending Tim Belcher's scoreless string at 24⅓ innings. *(LAT, AP)*

Becker Serves Notice on Noah



Boris Becker hit the court after diving for a return, but his serve was working at full speed and it was Yannick Noah who was down and out when the quarterfinal ended. Bob Deutsch/The Associated Press

By Malcolm Moran
New York Times Service

NEW YORK — His name had been made on grass stages in Britain. But when Boris Becker's show was moved here late in each of the last several summers, playing before an audience eager to see a proven hit in London, something about his performances was lost in the translation.

Perhaps that has something to do with the consequences of making face-first lunges on an unforgiving surface known as DecoTurf II. Maybe his disappointments have been related to Becker's displeasure with an uneven schedule that tests a player's sense of patience and purpose.

Or it could just be that the institutions of Wimbledon and the Davis Cup rank higher on his list of priorities.

Becker considered his 6-3, 6-3, 6-2 quarterfinal victory over unseeded Yannick Noah on Wednesday night "probably my best match here." His second quarterfinal victory in five tournaments creates a semifinal meeting with 14th-seeded Aaron Krickstein, who has lost to Becker in each of their three previous meetings.

Noah's attempt to reach a third semifinal here was thwarted by an inability to deal with Becker's serves. Noah lost five service games; Becker was not broken once.

Noah, asked how he could break Becker's serve, replied: "Maybe put the tape back at the beginning, and put it on slo-mo. Maybe I can read it easier. It was much too fast for me."

Becker's first serve was not the only problem. He made 56 percent of his first serves, but won 22 of 28 points on his second serve.

"He mixes it up," Noah said. "His first serve is flat and very fast. His second is very high. My return of serve is not my best weapon, so in this kind of match when he's serving this way, and my return is so poor, there is not much that I can hope for."

Noah's inability to cope with such a small margin of error was evident in the first set. With both players holding serve through the fifth game, Becker leading by 3-2, Noah lost a service game at love as part of a streak of 12 straight lost points. Becker went on to a 6-3 victory with the one break, and added another on his way to a 4-2 lead in the second set.

"He definitely played well," Noah said, "but I believe that I made him look good. I made things a little bit easy for him, because even when he wasn't serving great first serves, I didn't give him much to worry about, even on his second serve."

Becker made 13 unforced errors, just three in the first set. Suddenly, he is one victory from a first-time spot in the finals here, in a tournament that has never been as important to him as Wimbledon. "If I would win this tournament, I wouldn't mind at all," Becker said.

He has no complaints about New York at night.

"This place is great," Becker said. "For two weeks."

Noah said that "I made things a little bit easy for him." Ron Hair/Agence France-Presse

Connors Is Leading the Enigmatic Agassi

By David Aldridge
Washington Post Service

NEW YORK — Why does a 19-year-old have to explain himself to sportswriters who don't have his talent with a racket? Why should sportswriters have to endure some of the immature things that 19-year-olds do, especially 19-year-olds making a financial killing?

Such is the paradox of Andre Agassi, who is engaged in a dance with the media. It is a give-and-take in which Agassi tries to justify big-money contracts and marketable outrageousness in a year when he hasn't had the success on court that he had in a lightning-strike 1988 season.

Agassi, seeded sixth here at the U.S. Open, was being beaten Thursday, 1-6, 6-4, 6-0, 0-1, Thursday by No. 13 Jimmy Connors, in a quarterfinal headed into its second hour. Top seeded Ivan Lendl was to play No. 9 Tim Mayotte in the second quarterfinal. If Connors, who was Agassi before the Nike commercial was invented, could fully recapture the magic he had in Monday's stomping of No. 3 Stefan Edberg, it could be one of those New York events they always talk about.

Last year Agassi said he told a friend he thought he'd beat Connors, 6-3, 6-3, 6-3. Agassi won by 6-2, 7-6, 6-1 and remarked afterward that he didn't think the then-36-year-old Connors would have had that much in him.

Connors' response: "He shouldn't say things like that. Those kind of things may come back to haunt him." Now Connors just says that if he plays as he did against Edberg, people should stick around and watch.

Otherwise it may just be another rock in Agassi's path back up to where he was last year, when he won six tournaments and finished the year No. 3. This year he's No. 7 and hasn't won anything; in fact, has made just one final. He didn't play Wimbledon again — and won't next year, he says — and lost to Jim Courier in the third round of the French Open.

He then played admirably in a five-set loss to Boris Becker in Munich in Davis Cup. But with the U.S. team down by 2-1, he was terrible in losing to Carl-Uwe Steeb.

"There's different things about me that people like," Agassi said this week. "It's not just watching me win. [Ivan] Lendl has set up this reputation, so that people can watch him and see him win ... If he doesn't win, it's almost as if they didn't get their money's worth, unless it was a good upset.

"With me it's different. People come to have fun. They come to see something different, since they don't know what's going to come out of me, whether I'm going to lose my mind or whether I'm going to laugh. I think that's why they appreciate watching me. I don't feel pressure as far as winning or doing this or doing that. As long as someone wants to do a poster of me, I'll let them do it."

Since July, he's been into weight training. That has helped him get a little more oomph on his serve — 26 aces in four U.S. Open matches so far, not Becker numbers but respectable.

"Some of my problem this year has been finding the motivation to dig down deep in matches," he said. "This is a place where you don't need to worry about the motivation, it kind of creates its own. It's a lot easier to play here than all of the other places in the past."

A's Raise Lead in West, Jays 2 Go Up on Orioles

Compiled by Our Staff From Dispatches

Dave Parker hit his eighth grand slam home run in the major leagues as the Athletics beat the Boston Red Sox, 7-5, Wednesday in Oakland for Bob Welch's fifth victory in a row.

Although Parker, 38, has a batting average of only .263, he has 19 homers and 81 runs batted in this season and his big turnaround is part of the reason the A's appear to be on their way to another title in the American League's West Division.

The victory increased the A's lead to 4½ games over the Kansas City Royals.

In the East, the Toronto Blue Jays beat the Chicago White Sox to move two games ahead of the Baltimore Orioles.

For the Red Sox, it was more than just a second straight loss. They lost two of their best players, Mike Greenwell and Ellis Burks, when they collided going full speed for a fly ball in the fifth inning.

Both fell to the ground and appeared to be stunned. Burks suffered a shoulder separation and could miss the rest of the season. Greenwell played for two more innings, but left because of bruised ribs.

"We're barely in the race now," Greenwell said. "It may get worse."

Welch allowed five hits and two runs, one unearned, in five innings before leaving with a slight abdominal strain. He has allowed just four earned runs in his last 35 innings, an ERA of 1.03.

Tigers 11, Royals 5: Mike Brumley and Lou Whitaker homered for the Tigers and Kansas City contributed three errors in losing its 13th in a row in Detroit.

The last-place Tigers, who ruined Cleveland's hopes in the East last week, have won six in a row, all from clubs with pennant hopes.

George Brett hit a two-run homer to tie the game in the third but, after a 14-minute rain delay, the Royals fell apart.

Blue Jays 4, White Sox 2: In Chicago, Tod Stottlemyre won his fifth in a row, giving up six hits and both runs in seven innings, while Toronto took advantage of three errors to score three unearned runs.

Fred McGriff went 2-for-4, driving in a run. He was 6-for-10 in the three-game series swept by the Blue Jays.

Indians 9, Orioles 0: In Baltimore, No. 1 draft choice Ben McDonald was the Orioles' only bright spot, debuting while Cleveland left-hander Bud Black was pitching a four-hitter.

Cory Snyder, Dion James and Brad Komminsk homered as the Indians got 15 hits. James got three hits and three RBI; Joe Carter had three hits and two RBI and Paul Zuvella had a career-high four hits.

The Orioles were down, 4-0, when McDonald came in with two on and one out and got Snyder to hit the first pitch into a double play. He faced nine hitters, threw 34 pitches, allowed a hit, a run, a walk and struck out two in his 2⅔ innings

Brewers 7, Angels 4: In Anaheim, California, Robin Yount, Bill Spiers and rookie George Canale homered as Milwaukee dealt another blow to the Angels' fading pennant hopes.

With the loss, the third-place Angels — who have lost six of their last seven games — fell 5½ games behind Oakland in the West.

Yankees 5, Mariners 3: Mel Hall and Bob Geren each hit two-run homers in the seventh in Seattle as New York overcame a 3-0 deficit and won its seventh in a row.

Brian Holman had held the Yankees to two hits before Alvaro Espinoza led off the seventh with a single. Hall followed one out later with his 13th homer to cut the lead to 3-2, then Steve Balboni continued the one-out rally with a single and Geren hit his ninth homer to put New York ahead, 4-3.

Rangers 3, Twins 2: Charlie Hough gave up seven hits in six innings in Arlington, Texas, but won for the fifth time in six decisions since coming off the disabled list a month ago.

Kirby Puckett went two for three for the Twins to increase his batting lead over Wade Boggs of Boston and Carney Lansford of Oakland to three points. *(LAT, AP)*

George-and-Dave Feud Ends Before Doomsday

New York Times Service

NEW YORK — George Steinbrenner and Dave Winfield, whose feud over contributions to the Dave Winfield Foundation had continued for the better part of a decade, announced that the Yankees' owner and the ailing slugger had settled their latest dispute, in Steinbrenner's favor.

The two, who had submitted their respective lawsuits to binding arbitration, laid the matter to rest with two brief statements Wednesday at Yankee Stadium and a 12-whereas, 13-point agreement.

In it, Steinbrenner and Winfield released each other from all foundation-related claims and potential claims "from the beginning of the world to the date of this release," leaving the two men free to wrangle in the future only about pre-creation disputes related to the foundation, breaches of the agreement itself or totally unrelated matters.

Guerrero, Drysdale Drugged, Robbed by Houston Women

The Associated Press

HOUSTON — Two women have been charged with drugging the St. Louis Cardinals' star Pedro Guerrero and stealing $26,000 worth of jewelry from his hotel room.

Diane Jackson, 27, and Diana Cox, 26, were charged Wednesday with felony theft in the Guerrero case, the Houston Chronicle reported Thursday. Both women remain at large.

According to documents filed with the Harris County district attorney's office, Guerrero had a "Mickey Finn" slipped into his drink, then had a World Series ring, a wedding band and a Rolex watch stolen Aug. 27 at the Westin Galleria Hotel in Houston, where his team was staying while playing a series with the Houston Astros.

The Chronicle said Hall of Fame pitcher Don Drysdale, now an announcer for the Los Angeles Dodgers, was victimized in a similar scam Tuesday night at the Galleria. Drysdale, 53, reported losing a Rolex watch and a ring. No charges have been filed in that case, but Drysdale said he is working with police in the investigation.

Guerrero declined comment in New York.

The Harris County assistant district attorney, Alvin Nunnery, said Guerrero "invited them to his room for drinks. They left and then came back. The second time they were there he was groggy, but he saw them going through his luggage, but he couldn't do anything about it."

Guerrero suffered abdominal pains after the drugging and was treated at a local hospital. He was held out of the Cardinals' Aug. 28 game with the Astros, the only game he has missed this season. At the time, the Cardinals thought he was suffering from food poisoning.

According to the Chronicle, Guerrero identified the two women from police mug shots sent to him in St. Louis.

"It was the wackiest thing," Drysdale said in a telephone interview with the newspaper. "One minute I was talking to people in the bar. Then, I don't have the slightest idea what happened."

The former Dodger pitcher said he could not elaborate because he was cooperating with a police investigation.

"There is a robbery ring" around the Galleria "and the police are close to cracking it," Drysdale said. "I just fell in with two of them. I was drugged, and I can't say more than that."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Toronto	77	63	.550	—
Baltimore	75	65	.536	2
Boston	70	70	.500	7
Milwaukee	69	72	.489	8½
New York	65	76	.461	12½
Cleveland	64	75	.460	12½
Detroit	53	89	.373	25

West Division

	W	L	Pct.	GB
Oakland	85	55	.607	—
Kansas City	80	59	.576	4½
California	79	60	.568	5½
Texas	71	66	.518	12½
Minnesota	70	69	.504	14½
Seattle	61	77	.442	23
Chicago	58	81	.417	26½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Chicago	77	62	.554	—
St. Louis	76	62	.551	½
Montreal	75	64	.540	2
New York	73	65	.529	3½
Pittsburgh	60	78	.435	16½
Philadelphia	56	82	.406	20½

West Division

	W	L	Pct.	GB
San Francisco	80	59	.576	—
San Diego	74	65	.532	6
Houston	73	66	.525	7
Cincinnati	68	71	.489	12
Los Angeles	65	74	.468	15
Atlanta	55	84	.396	25

Wednesday's Line Scores

AMERICAN LEAGUE

Boston 002 000 021—5 10 1
Oakland 005 001 10x—7 9 3

Smithson, Lamp (3), Murphy (6), L.Smith (8) and Gedman, Cerone (8); Welch, Honeycutt (6), Eckersley (9) and Hassey. W—Welch, 16-7. L—Smithson, 7-14. Sv—Eckersley (29). HRs—Boston, Reed (3). Oakland, Parker (19).

Cleveland 202 014 000—9 15 0
Baltimore 000 000 000—0 4 0

Black and Skinner; Schilling, McDonald (3), Schmidt (6), Thurmond (6), Weston (7), Holton (9) and Melvin, Quirk (8). W—Black, 10-11. L—Schilling, 0-1. HRs— Cleveland, James (3), Snyder (17), Komminsk (8).

Kansas City 202 100 000— 5 10 3
Detroit 042 002 30x—11 14 0

Leibrandt, Leach (3), McWilliams (6), Luecken (6), Aquino (8) and Boone; Tanana, Nunez (4), DuBois (5) and Heath. W—Nunez, 3-3. L—Leibrandt, 5-11. Sv— DuBois (1). HRs—Kansas City, Jackson (30), Brett (11). Detroit, Brumley (1), Whitaker (27).

Toronto 300 000 100—4 8 1
Chicago 001 000 100—2 6 3

Stottlemyre, Ward (8) and Whitt; King, Patterson (8), Jones (9) and Fisk. W— Stottlemyre, 7-5. L—King, 7-9. Sv—Ward (15).

Minnesota 010 001 000—2 8 0
Texas 001 110 00x—3 12 0

West, Berenguer (7) and Harper; Hough, Mielke (7), Rogers (7), Russell (8) and Kreuter, Petralli (9). W—Hough, 10-12. L—West, 2-1. Sv—Russell (33). HR—Texas, Buechele (15).

New York 000 000 401—5 7 0
Seattle 003 000 000—3 9 0

Terrell, Guetterman (8), McCullers (8), Righetti (8) and Geren; Holman, Powell (9), Jackson (9) and Valle. W—Terrell, 4-4. L—Holman, 3-9. Sv—Righetti (22). HRs—New York, Hall (13), Geren (9), Mattingly (19).

Milwaukee 200 210 020—7 9 0
California 000 000 103—4 8 0

Bosio, Plesac (9) and O'Brien; Petry, Monteleone (5), Corbett (7), Minton (8) and Orton, Tingley (8). W—Bosio, 15-9. L—Petry, 3-2. Sv—Plesac (29). HRs—Milwaukee, Yount (18), Canale (1), Spiers (2). California, Joyner (14).

NATIONAL LEAGUE

Pittsburgh 000 210 012— 6 12 0
Montreal 240 401 00x—11 15 2

Kramer, Reed (2), M.Smith (4), Bair (7) and Bilardello; Langston, Candelaria (7), Thompson (8), Mcgaffigan (9), Burke (9) and Santovenia. W—Langston, 11-6. L—Kramer, 5-8. HRs—Pittsburgh, Bilardello (1), Bonilla (20). Montreal, Brooks (10).

San Francisco 202 000 120—7 12 1
Atlanta 001 000 010—2 8 1

Garrelts and Brenly; Lilliquist, Valdez (8) and Russell. W—Garrelts, 12-3. L—Lilliquist, 8-9. HRs—San Francisco, Clark (22), Nixon (1).

St. Louis 100 001 010—3 8 0
New York 011 000 000—2 9 2

Horton, Costello (6), DiPino (7), Quisenberry (9), Dayley (9) and Pena; Darling, Myers (8) and Carter. W—DiPino, 7-0. L—Darling, 12-12. Sv—Dayley (11). HR— New York, McReynolds (19).

Chicago 000 010 000—1 8 1
Philadelphia 020 050 20x—9 17 0

G.Maddux, Sanderson (5), Wilkins (7), Wilson (7) and Girardi, Wrona (5); Ruffin and Daulton. W—Ruffin, 5-8. L— G.Maddux, 16-11. HR—Chicago, McClendon (12).

Los Angeles 021 110 000—5 9 0
Cincinnati 102 002 31x—9 12 1

Belcher, Searage (6), Morgan (7), Munoz (8) and Scioscia; Robinson, Birtsas (5), Rodriguez (7), Dibble (8), Charlton (9) and Oliver. W—Rodriguez, 1-0. L— Searage, 3-4. HRs—Los Angeles, Scioscia (8). Cincinnati, Quinones (12), Richardson (2).

San Diego 100 020 000—3 6 1
Houston 000 001 001—2 4 1

Schiraldi, Harris (7), M.Davis (9) and Santiago; Deshaies, Forsch (6), Schatzeder (8), Meyer (8), Smith (9) and Biggio. W—Schiraldi, 4-6. L—Deshaies, 12-8. Sv— M.Davis (37). HR—San Diego, R.Alomar (6).

SOCCER

World Cup Qualifying

Nations that have qualified for soccer's 1990 World Cup in Italy. The 24-nation draw will be made on Dec. 12 in Rome:

Europe

Italy (host), Yugoslavia

South America

Argentina (defending champion), Brazil

EUROPE

Group One (top team qualifies)

	W	L	T	GF	GA	Pts
Romania	3	0	1	7	1	7
Denmark	2	0	2	11	3	6
Greece	0	2	2	2	11	2
Bulgaria	0	3	1	2	7	1

Wednesday, Oct. 11: Greece at Bulgaria, Romania at Denmark

Group Two (top team qualifies)

	W	L	T	GF	GA	Pts
England	3	0	2	10	0	8
Sweden	2	0	2	4	2	6
Poland	1	2	0	2	5	2
Albania	0	4	0	1	10	0

Wednesday result: England 0, Sweden 0
Sunday, Oct. 8: Albania at Sweden
Wednesday, Oct. 11: England at Poland

Group Three (top two teams qualify)

	W	L	T	GF	GA	Pts
Soviet Union	3	0	3	8	2	9
Austria	2	1	3	6	6	7
Turkey	2	2	1	8	6	5
East Germany	2	3	1	7	9	5
Iceland	0	3	4	10	9	4

Wednesday results: Soviet Union 0, Austria 0; East Germany 3, Iceland 0
Wednesday, Sept. 20: Turkey at Iceland
Sunday, Oct. 8: Soviet Union at East Germany

Group Four (top team qualifies)

	W	L	T	GF	GA	Pts
Netherlands	2	0	2	3	1	6
West Germany	1	0	3	5	1	5
Finland	1	2	1	3	7	3
Wales	0	2	2	2	4	2

Wednesday's result: Finland 1, Wales 0
Wednesday, Oct. 4: Finland at West Germany
Wednesday, Oct. 11: Netherlands at Wales

Group Five (top two teams qualify)

	W	L	T	GF	GA	Pts
Yugoslavia	4	0	2	13	5	10
Scotland	4	1	1	11	8	9
Norway	2	3	1	9	7	5
France	1	2	3	5	7	5
Cyprus	0	5	1	5	16	1

Tuesday result: France 1, Norway 1
Wednesday result: Yugoslavia 3, Scotland 1
Wednesday, Oct. 11: Norway at Yugoslavia, Scotland at France

Group Six (top two teams qualify)

	W	L	T	GF	GA	Pts
Spain	5	1	0	14	1	10
Ireland	3	1	2	5	2	8
Hungary	2	1	3	6	6	7
N. Ireland	2	4	1	6	8	5
Malta	0	5	2	3	16	2

Wednesday result: Hungary 2, N. Ireland 1
Wednesday, Oct. 11: Spain at Hungary, Northern Ireland at Ireland

Group Seven (top two teams qualify)

	W	L	T	GF	GA	Pts
Belgium	4	0	2	12	2	10
Czechoslovakia	3	1	1	8	2	7
Portugal	2	1	1	5	5	5
Switzerland	1	3	0	5	6	2
Luxembourg	0	5	0	1	16	0

Wednesday result: Belgium 3, Portugal 0
Wednesday, Sept. 20: Portugal at Switzerland
Friday, Oct. 6: Portugal at Czechoslovakia

ITALIAN FIRST DIVISION

Ascoli 2, Sampdoria of Genoa 1
Atalanta of Bergamo 0, Milan 1
Bari 2, Verona 1
Cesena 0, Napoli 0
Genoa 0, Roma 2
Internazionale of Milan 2, Lecce 1
Juventus of Turin 3, Fiorentina 1
Lazio of Rome 1, Cremonese 1
Udinese 1, Bologna 1

TRANSACTIONS

BASEBALL

American League

CALIFORNIA—Acquired Ron Tingley, catcher, from Cleveland for player to be named.

CLEVELAND—Called up Jeff Kaiser and Rudy Seanez, pitchers; Mark Higgins and Denny Gonzalez, infielders; and Beau Allred, outfielder, from Colorado Springs, Pacific Coast League. Called up Tom Magrann, catcher, from Canton-Akron, Eastern League.

MINNESOTA—Acquired Greg Johnson, pitcher, from Houston, completing trade for Mark Davidson, outfielder.

NEW YORK—Activated Tom Brookens, infielder, from 21-day disabled list.

OAKLAND—Recalled Scott Hemond, third baseman, and Dann Howitt, first baseman-outfielder, from Huntsville, Southern League.

TORONTO—Called up Greg Myers, catcher, and Jose Nunez, pitcher, from Syracuse, International League. Bought contracts of Sal Butera, catcher, and Alexis Infante, infielder, from Syracuse.

National League

CHICAGO—Reached agreement with Mesa, Arizona, to hold spring training there through 1994 season.

PHILADELPHIA—Acquired Jeff Gray, pitcher, from Cincinnati, completing trade for Bob Sebra.

BASKETBALL

National Basketball Association

L.A. CLIPPERS—Signed Michael Young, forward, and Fred Cofield, guard.

SEATTLE—Signed Shawn Kemp, forward, to six-year contract.

FOOTBALL

National Football League

CLEVELAND—Waived Brian Washington, safety. Signed Jeff Graham, quarterback, and put him on developmental roster.

GREEN BAY—Put Stan Shiver, safety; Scott Kirby, offensive tackle; Mark Hall, defensive lineman; George Cooper, fullback; and Tim Moore, linebacker, on developmental roster.

HOUSTON—Reached agreement with Mike Rozier, running back, on one-year contract.

INDIANAPOLIS—Put Anthony Parker, defensive back, on injured reserve list. Re-signed Charles Washington, defensive back.

KANSAS CITY—Signed Michael Harris, center-guard; Darren Chandler, wide receiver; and Todd McNair, running back, and put them on developmental roster.

L.A. RAIDERS—Re-signed Mike Haynes, cornerback. Waived Derrick Gainer, running back.

L.A. RAMS—Agreed to terms with Cleveland Gary, running back.

MIAMI—Signed Jay Gruden, quarterback, and put him on developmental roster.

MINNESOTA—Signed Steve Jordan, tight end, to three-year contract.

NEW ENGLAND—Waived Trevor Matich, center. Signed Eric Naposki, linebacker.

NEW ORLEANS—Signed Rod Harris, wide receiver; Michael Simmons, defensive end; and Richard Cooper, offensive tackle, and put them on developmental roster.

N.Y. JETS—Signed Sanjay Beach, Willie Snead and Randy Tanner, wide receivers; Leander Knight, cornerback; Jeff Oliver, offensive tackle; and Reggie Barnes, running back, and put them on developmental roster.

PHOENIX—Re-signed Richard Tardits, linebacker; Andre Langley, wide receiver; John Burch, running back; Tim Jorden, tight end; and David Edeen, defensive end, and put them on developmental roster. Claimed Marcus Turner, cornerback, on waivers from Kansas City and put him on developmental roster.

SAN DIEGO—Recalled Chris Bahr, placekicker. Waived Darren Flutie, wide receiver.

SEATTLE—Put Kevin Harmon, running back, on injured reserve. Claimed Warren Wheat, guard, on waivers from L.A. Rams.

WASHINGTON—Signed Pat Marlatt, tackle, and Grantis Bell, wide receiver, and put them on developmental roster.

HOCKEY

National Hockey League

PITTSBURGH—Signed Zarley Zalapski, defenseman, to multiyear contract.

VANCOUVER—Signed Vladimir Krutov, right wing, to three-year contract.

TENNIS

U.S. Open

MEN

Quarterfinals

Boris Becker (2), West Germany, def. Yannick Noah, France, 6-3, 6-3, 6-2.

Doubles Semifinals

Ken Flach and Robert Seguso, U.S. (4), def. John Fitzgerald, Australia, and Anders Jarryd, Sweden (2), 6-3, 6-3, 7-5.

Mixed Doubles Final

Robin White and Shelby Cannon, U.S., def. Meredith McGrath and Rick Leach, U.S., 3-6, 6-2, 7-5.

Long distance service from overseas that needs no translation.

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Brazil	000-8012	Singapore	800-0012
Denmark	8001-0022	Sweden	020-795-922
France	19*-00-19	Switzerland	046-05-0222
Greece	00-800-1211	United Kingdom	0800-89-0222
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OBSERVER

The Imagery of Vice

By Russell Baker

NEW YORK — The idea of legalizing drugs is distasteful for several reasons. For one, it implies government approval of addictive, potentially destructive behavior and is, hence, immoral public policy.

True, the government has legalized alcohol despite its addictive and potentially destructive effects, and people who fret about the immorality of government alcohol policy are widely thought to be quaint.

True, local governments across the country have legalized gambling, too, despite its well-known addictive and potentially destructive effects.

True, many governments now even run their own legalized versions of what used to be called "the rackets" to lure revenue out of their citizen-suckers. Complain that this is immoral public policy, and you are likely to be dismissed as a crank or, worse in a society proud of its ruthless pragmatism, as unrealistic about the world we live in.

"You can't stop people from gambling," is the usual explanation, "so why shouldn't the profits go to the state instead of the gangsters?"

□

True, too, the government subsidizes the tobacco industry despite its incessantly trumpeted warnings that smoking is addictive and potentially destructive.

The logic of legalized alcohol, legalized gambling and subsidized smoking argues for legalizing drugs. Yet there is very little public support for this logic.

Smoking, drinking and gambling, whether you call them pleasures or vices, have a long history of being socially acceptable. Our romantic heroes and heroines have smoked, taken alcohol and gambled for generations. These vices, or pleasures, were certified legalizable by Bette Davis's and Humphrey Bogart's cigarettes, by William Powell's and Myrna Loy's quart-a-day Nick and Nora Charles, by the lovable horse players of "Guys and Dolls," by that ultimate cold war swashbuckler, James Bond.

Drug use has no such glamorous champions unless we go back to Sherlock Holmes. We have no hesitation whether to call it "pleasure" or "vice." All our images of it speak of squalor and death.

"Drugs." The word summons pictures of dead bodies with needles in their arms, memories of tombstones bearing names like Janis Joplin and Jimi Hendrix.

There is no countervailing association between drugs and wit, charm, fun, good times or romance, as there is in all those old images associated with smoke, booze and gambling. How can anyone propose legalizing something that yields not even a moment of gaiety to balance so much horror?

□

We are dealing here with a question of aesthetics. To the substantial classes who write the laws, drug use is repellent, ugly and nasty.

To substantial people, decent people, ordinary people as they consider themselves, drug use is unredeemed even by such moments of sinful pleasure as they feel in Atlantic City when lighting a cigarette, hoisting a glass of bourbon and putting $100 down on the red.

Americans seem reluctant to admit that their opposition to legalized drugs rests on aesthetic objections. They reach for other arguments in an attempt to seem logical.

For instance: The problems created by legalizing one drug (alcohol) are grave enough; why compound them by legalizing others? This ignores the history of alcohol: to wit, that demand for it has always been so vast in America that the public will create potentially murderous criminal organizations to supply it whenever it is legally unavailable.

Judging from the daily news budget of murder, smuggling, corruption, gang warfare and whole neighborhoods living in terror, demand for drugs now seems so intense that it is not just our own neighborhoods that are imperiled, but the very governments of other nations.

Yet public distaste for drug users is such that few politicians dare discuss whether legalization might be a solution, much less explore what it might require to work effectively.

Instead we get the usual dynamic *nonsolutions: more money* for weapons to fight a "war on drugs" against the suppliers, more extensions of police power, more muscle, more crackdown.

How all this firepower will reduce the apparently insatiable American demand for drugs is unclear. What is clear is the political strategy: Talk bang-bang, get re-elected.

New York Times Service

Bergman: 'Something From My Heart'

By Steve Lohr
New York Times Service

STOCKHOLM — When Ingmar Bergman completed his Oscar-winning film "Fanny and Alexander" in 1984, he declared it the last of his some 50 movies. But he seems a most reluctant retiree at times. "I dream about doing a film about once a week," he conceded.

The characteristic Bergman confession, a revealing fragment of his own thoughts and fantasies, came during a rare session with the press in Stockholm to announce a film project. This time, however, the artistic imprint will come from Bergman the writer, not Bergman the director, in a six-hour, two-part feature film entitled "Good Intentions," which is to focus on a decade in his parents' troubled marriage.

Its director, hand-picked by Bergman, will be Bille August, the Dane who directed "Pelle the Conqueror," which won this year's Academy Award for best foreign-language film.

"Good Intentions," budgeted at roughly $9 million, is the most ambitious project of its type ever made in Scandinavia. By way of comparison, "Pelle," a big-budget film by Nordic standards, cost about $4.5 million. Filming is to begin next year, and the world premiere is to be on Swedish television in 1992, where "Good Intentions" will appear as four 90-minute episodes. The movie, both as a television miniseries and as a two-part film, will then be distributed internationally.

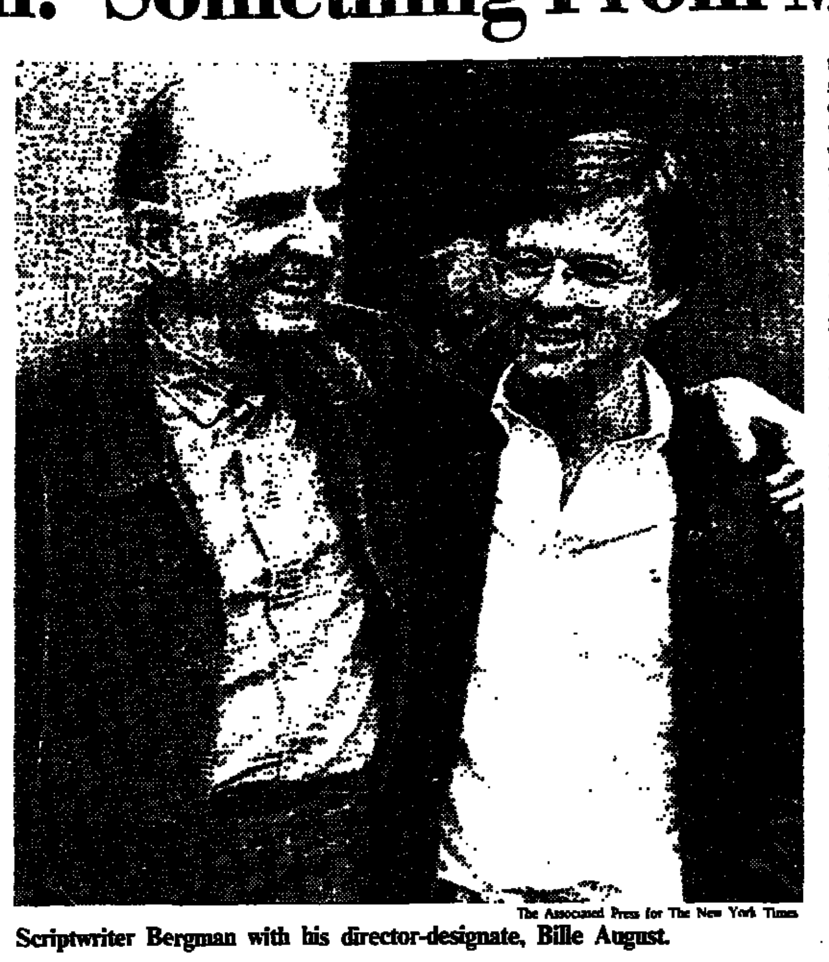
Bergman and August spent most of the week together, discussing the project at the Bergman summer home on the small Baltic island of Faro. In the next few weeks, they said, the cast for the Swedish-language film will be selected from a group of favored Swedish and Danish actors.

The Danish director, who is 40, and his 71-year-old scriptwriter say they are getting along swimmingly so far. Still, given Bergman's well-known penchant for perfection and his occasionally volcanic displays of temper ("He used to refer to all those who didn't throw furniture around as inhibited," the actress Gunnel Lindblom said of him), it seems reasonable to wonder how smooth the working relationship will prove to be once filming starts.

When he was just starting out, Bergman did write works directed by others as a self-styled "script slave" for the Swedish Film Institute.

"But this is the first time it was something from my heart," he said. August has offered to allow Bergman to look at each day's film takes. "I hope he doesn't regret that," Bergman noted.

For his part, August professes not to be intimidated at the prospect of directing a film written by Scandinavia's greatest living cultural personality and, perhaps, having Bergman look over his shoulder somewhat as well. "I decided to do this not because it was by Ingmar Bergman but because the story was so good — the best story about love I've ever read," August explained.



The Associated Press for The New York Times

Scriptwriter Bergman with his director-designate, Bille August.

It was a story whose evolution Bergman described over the course of two hours, during the press conference and in a brief interview afterward.

At the end, with just a few people remaining in the Swedish Television studio, Bergman, who shuns interviews yet fills his films and writing with ruthless self-exposure, maintained that it was the last time he would speak to the press.

"Good Intentions," he said, is an outgrowth of the family chronicle that began with "Fanny and Alexander," which drew greatly on his childhood recollections of time spent with his grandmother in Uppsala, the university town north of Stockholm.

Next came his autobiography, published last year, "The Magic Lantern," which roams impressionistically over most of his life but especially his childhood and family strife. Relations with his parents and siblings were stormy and often brutal.

Bergman wrote, for example, that he once tried and failed to kill his sister, and he described disputes with his father that came to blows: "He hit me and I hit him back. He staggered and ended up sitting on the floor."

Still, while going over family records and photographs to research his autobiography and then while writing it, Bergman said Friday, "I met my parents, not as the people I fought with later in life, but as real people."

His autobiography did not provide the vehicle to deal fully with his parents, but he vowed to do it later, and "Good Intentions" is the result.

"Good Intentions" is the story of his parents' relationship from 1909 until 1918, the year Ingmar Bergman was born. The picture that emerges, Bergman suggested, is a far more sympathetic portrait of them than appeared in his autobiography. The marriage of the Lutheran pastor of humble origins and the rather pampered young woman from an upper-class background was opposed by her parents, and their lives were steeped in the social expectations and Lutheran repressions of Sweden at the time.

"Until I wrote this manuscript, I never really knew how complicated their lives were," Bergman said. "We always regret that we did not ask our parents more, really get to know them while they were alive."

Of his parents, he added, "They went into their marriage with good intentions, but it was destined to catastrophe because of the demands they accepted and placed on themselves." Those strains, by Bergman's account, took their toll. At one point in the "The Magic Lantern," Bergman wrote: "We didn't know that Mother had gone through a passionate love affair or that Father suffered from severe depression.

"Mother was preparing to break out of her marriage, Father was threatening to take his own life." Neither of them did. Back then, noted Bergman, who has been married five times, "Divorce was almost unthinkable."

Like virtually all Bergman's films, "Good Intentions" is deeply autobiographical, not only in its content but also in its motivation. "When you write a manuscript like this," he said, "it is driven by the urge to seek something in oneself."

When asked, he replied that one of the things he learned was that in many ways he resembled his father, whom he openly despised for so long.

If it sounds like a belated reconciliation with his parents, it may be. But Bergman is at pains to emphasize to anyone listening that he has perhaps mellowed with age, but that the inner turmoil that has been a hallmark of both the man and the artist is still intact.

"The anger and the creativity are so closely intertwined with me," he said. "And there's plenty of anger left." A religious reconciliation, for example, appears unlikely for Bergman, an agnostic. "I hope I never get so old I get religious," he said.

Bergman's hair is well thinned and he walks tentatively with a slight limp. Yet, despite his self-imposed retirement from film directing — he said he found the cinematic regimen too exhausting — he remains active on the stage.

His version of Yukio Mishima's "Mme. de Sade" has been playing since the spring to packed houses at Stockholm's Royal Dramatic Theater. Bergman pointed out that he has stage and opera commitments through 1991.

"So, I'm optimistic about my health," he said. "I plan to keep on going."

PEOPLE

Rudolf Bing's Marriage Is Annulled by Court

The complicated and sometimes wacky legal brawl over the marriage of **Sir Rudolf Bing** to **Carroll Douglass** ended Thursday when a New York State Supreme Court judge annulled the two-year union on the ground that Bing was "incapable of understanding the nature and consequences" of the marriage. Both of them remained ignorant of the ruling by **Justice Carmen Ciparick**. The 89-year-old opera impresario, suffering from Alzheimer's disease, is in a New York home for the aged. His lawyer, **Paul Goldhamer**, said Bing does not remember his marriage to Douglass and has not been told of the annulment because that would only confuse him. Douglass, 48, is in the psychiatric ward of Bellevue Hospital in Manhattan, her lawyer said, adding that she will receive no alimony or money from Bing's estate.

□

Having bestowed his name on an airline, a casino, a yacht and a tower, **Donald Trump** now plans to extend it into new territory: Trump, the television game show. The real estate developer and Lorimar Television have agreed to develop a syndicated game show, to be called "Trump Card." The show is expected to be taped at Trump's hotel and casino in Atlantic City.

□

Admiral William J. Crowe Jr., who is retiring as chairman of the Joint Chiefs of Staff, has been appointed to the faculty of the University of Oklahoma. The school said Crowe would be university professor of geopolitics, at a salary of $100,000 a year. Regents said he will live in Washington and travel to the university in Norman approximately six weeks each semester beginning in January.

□

Saudi arms dealer **Adnan Khashoggi**, his usual globe-hopping curtailed by federal authorities, says he's happy nonetheless while free on $10 million bail awaiting trial on obstruction of justice and mail fraud charges. "Everything is marvelous, just great," Khashoggi told an Israeli reporter. "People come up and shake my hand. Everybody in the street recognizes me." Under his bail agreement, Khashoggi must stay in Manhattan and wears an electronic ankle bracelet to keep federal officials aware of his whereabouts.

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